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HEARINGS BEFORE THE NATIONAL COMMISSION ON URBAN PROBLEMS

Volume 4

September 1967

New York City



Philadelphia

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NATIONAL COMMISSION
ON URBAN PROBLEMS

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preface

The National Commission on Urban Problems was appointed by President Lyndon B. Johnson on January 12, 1967. He charged the Commission with seeking ways to increase the supply of decent housing for low-income families. He urged that the search for a “revolutionary improvement in the quality of the American city” focus on a variety of issues including building codes and technology, zoning and land-use regulations, housing codes, Federal, state and local tax policies, and development standards.

Congress in the Housing and Urban Development Act of 1965 authorized a study of these issues and provided funding in 1966. The Commission is to report before December 31, 1968, to the President, to the Congress, and to the Secretary of Housing and Urban Development.

During the first months of its existence, the Commission spent 32 days holding hearings in 18 cities in all sections of the country, and to date has met in business sessions 17 times. Private citizens and experts, as well as officials, gave testimony. To learn by seeing and hearing as well as by studying, the Commission spent long hours inspecting the slums and blighted areas and also the showcase developments of these cities. This, too, they did with officials, with private citizens, and by themselves.

Such intensive study gave the Commission the flavor of the American scene of the Sixties — the hopes and angers, dreams and frustrations, the plans that work and those that do not, ghettos and swimming-pool in-every-yard suburbs, beauty and ugliness, slum nightmares and low-income neighborhoods reflecting care and pride, public housing atrocities and public housing gateways to the good life. And the Commission could not help confronting the complex issues of race which interweave so many aspects of urban life.

While the Commission is drawing conclusions from its hearings, on-site inspections, and a comprehensive research effort, this publication is offered in the belief that the public will find useful insights in the testimony.

For reasons of economy and for the convenience of readers, repetitive descriptions of the Commission’s task, addressed to each new gathering, are deleted. Introductions of the invited witnesses are summarized in footnotes. The many public witnesses are identified according to information they presented. Much valuable written material submitted to

the Commission, incorporated into the official records, is on file and is receiving scrutiny by members and staff.

The hearings will be recorded in five volumes. Volume 1 included hearings in Baltimore, New Haven, Boston and Pittsburgh, held between May 12 and June 10, 1967. Volume 2 included hearings in Los Angeles and San Francisco from June 30 through July 7, 1967. Volume 3 covered those held in Atlanta, Houston, Miami, and Arlington, Texas, in the Fort Worth-Dallas area, in July and August 1967. This Volume 4 records the hearings held in New York City and Philadelphia in September 1967. The schedule of all hearings appears on the inside back cover.

Under the direction of Howard E. Shuman, Executive Director, and in cooperation with Mrs. Jane Carey Enger, Administrative Officer, Walter Rybeck, Assistant Director, had primary staff responsibility for setting up the hearings and for editing Commission publications. Mrs. Marion Massen, Associate Editor, directed the indexing, graphics, and annotations designed to make these hearings useful for reference and research work.

The Department of Housing and Urban Development, many of whose officials have contributed to the Commission's research effort, has been invited to present a statement in the final volume of the hearings, responding to statements and questions pertaining to Federal housing and urban development programs and policies.

contents

Preface	iii
New York City	
WORRISOME GROWTH OF GHETTOS	
PAUL YLVISAKER — New Jersey's Action on Community Affairs — More States Move on Urban Problems — Major Problem: More Ghetto People and Pressures — Relate Old Urban Areas to New Growth	2
JACK E. WOOD — Ghetto Misery More than Poor Housing — Revitalizing Ghettos Not Enough — House Negroes in Suburbs Near Jobs — Local Contravention of National Policy	8
QUESTIONS BY COMMISSION MEMBERS — Discrimination by Federal Housing Agencies — Manpower Training for New City Design — Some Hope from Model Cities Program — Incentives to Spark Needed Changes — Zoning and Negro Dispersion — Significance of a Service Economy	17
PUBLIC WITNESSES — Mr. Sutton: Bad Housing Symbol of Ghetto — Cooperative Ownership in the Urban Ghetto — Rep. Scheuer: Current Pace Too Slow — Schools Are Crux of Problem — Mr. Low: Produce Short-cuts to Housing — Mrs. Little: Poor Suffer in West Side Renewal — Father Brown: Misconceptions on Housing Poor — Mr. Scott: Mental Renewal Important — Mr. Rosenthal: Ownership System for the Poor	31
THE REV. NORMAN EDDY — Metro-North: New York Neighborhood Hope — Doomed by Banks and Unfulfilled Plans — Keys to Citizen Control — First Resource: People Themselves — The Other Resource: Coordination — "Think Small" May Give the Answer	50
QUESTIONS BY COMMISSION MEMBERS — Where Is the Community? — Architects and Community	59
PUBLIC WITNESSES — Mrs. Palmer: Ghetto People Can Handle Problems — Mr. Carter: Build a Man When You Build a City	63
SENATOR ROBERT KENNEDY — Deficits of the Slums — Incentives to Aid in Ghetto Rescue — For Private Involvement in Low-income Housing — Insurance in the Ghetto	66

QUESTIONS BY COMMISSION MEMBERS — How to Get Low-income Housing in Suburbs? — Mechanics of the Tax Incentive — Putting Big Business into Building	75
PUBLIC WITNESSES — Mrs. Walter: Community Citizen Group — Mr. Ward: A Bi-lingual Group — Mr. Brady: Model Cities as People-Planning — Paternalism, Vested Interests, Labor Impasse, Etc. — Mr. Sabater: 50-Pronged Program to Erase Poverty — Mr. Prempeh: An Urban Construction Corps — Housing on Air — Mr. King: Let People Work on Education — Ghetto Ownership of Business — Mrs. Smith: Harlem Parkway Community — Mrs. Miller: The Matter with Public Housing — Mr. Bennett: Negro Employment in Rehab Work	85
WEB OF HOUSING, JOBS, SCHOOLING, FINANCES	
MAYOR JOHN LINDSAY — The Long History of Concern — Achievements in New York — Slum Improvement Must Be More Than Promises — Gaps That Must Be Closed	100
QUESTIONS BY COMMISSION MEMBERS — Housing on Vacant City Lots — Housing Costs and Rents and Size — Dilemma of Delay with Full Local Planning — Jobs as City Responsibility — Cities Need Operating Money for Extras — Homeownership, Yes, but Public Housing too — Adjust Housing Aid Limits	109
BAYARD RUSTIN — Spit, String, and Scotchtape No Solution — Density Is the Problem — What "Freedom Budget" Recommends	121
CHARLES ABRAMS — Cities Not Alike in Housing, Renewal Needs — Housing Problem Is More Than Houses — The Distorted Tax Revenue Situation — Principles of the Housing Problem....	125
QUESTIONS BY COMMISSION MEMBERS — Political Change Needed for Help to Cities — Systems, Not Symptoms, Approach — Priorities for Federal Action — Homeownership: A Change in Meaning — There Must Be a Fiscal Revolution — Negro Revolt Is a Class Revolt — Density a Factor in Ugly Living	130
PUBLIC WITNESSES — Rep. Farbstein: Urban America in Receivership — Mr. DeSalvio: Unresponsive Planning — Mr. Johnson: Interpretation of the Ghetto	140
HOUSING THROUGH COOPERATIVES	
JACOB S. POTOFSKY — Union Pioneer in Cooperative Housing — Cooperatives as a Way of Life	151
HAROLD OSTROFF — Co-op Movement: Help to Better Society — Principles of the Cooperative — Record of the United Housing Foundation — Integration in the Ghetto — Urban Neglect from False Sense of Values? — War on Urban Problems with Total Commitment	154
JEROME LIBLIT — Co-op Housing for Low and Middle Incomes — Advantages of Housing Co-ops — Ways to Build Co-op Housing — American Housing Industry Outmoded — Co-op Ownership of Public Housing?	166
QUESTIONS BY COMMISSION MEMBERS — What Makes a Co-op Tick?	170

PUBLIC WITNESSES — Mr. Seidel: Plight of Displaced Small Businessman — Councilman Koch: Day-Care Centers, Job Training — Mrs. Reach: Flexible Income Limits for Public Housing — Mr. Feinstein: We Can Eliminate Poverty — Mr. Edel: Abuses in Cooperatives — Mr. Gilbard: Tenant Co-ops for Tenements — Miss Harlan: Bring Back Federal Rent Control — Reform Public Housing — Ed Davis: Whites Dominate Black Economy — Mr. Schwartz: Seven Suggestions on Housing — Mr. Warlow: Is New York City Worth Saving? — Mrs. Bachenheimer: Quality of City Living — Mr. Simmons: Time for Reparations to Blacks — Mr. Meltzer: How to Help Slumlords Rehabilitate	173
MASSIVE HOUSING SOLUTIONS	
ROBERT MOSES — A Slum Elimination-Housing Program for New York — Nation-wide Housing Solution: \$50 Billion	206
QUESTIONS BY COMMISSION MEMBERS — Practical to Build on Vacant Land — Urban Renewal Land for Lower Cost Housing Only? — Participation of People, to a Point — Are Federal Programs Too Rigid? — Transportation and Relocation on Vacant Land — Usefulness of Small Vacant Lots	211
HERMAN BADILLO — Government Aid Essential for Community Development — Cost Is the Roadblock	229
CONGRESSWOMAN EDNA KELLY — Taxation, Discrimination: Two Problems for Action — Loans for Co-ops for Low-Income Purchasers	234
NEAL HARDY — Rehab Record in New York City — A Quasi-Public Development Corporation — Rent Supplements Vital	238
QUESTIONS BY COMMISSION MEMBERS — No Working Capital from Nonprofit Sponsors — Tax Abatement: Revenue Loss — Stability of Homeowners	242
PUBLIC WITNESSES — Mr. Siracusa: Regional Approach the Sound Approach — Mr. Stoloff: Suburban Tax Rights and Discrimination — Mr. Morrison: Schools over Housing — Mr. Gordon: Organized Crime in Cities — Sen. Garcia: Opportunity for All to Work — Mr. Battista: Unfair Tax Practice in New York City	250
THE URBAN POOR AND LABOR UNIONS	
MICHAEL HARRINGTON — Private Sector Not Society's Agent — "Uneconomic" Decisions Must Be Made — Business Should Be the Contractor — Neighborhood Government with Expertise — Build a Model City	260
QUESTIONS BY COMMISSION MEMBERS — Administrative Machinery to Build "Second America" — Calculus of Business — Voice of the People the Answer?	266
ABE STARK — Condition of Brooklyn — Shift Public Housing Approach — Make Jobs in Housing	275
PETER BRENNAN — Cooperative Efforts of Unions	280
QUESTIONS BY COMMISSION MEMBERS — Minority Membership in the Unions — Unions and Building Construction Change — Guaranteed Work Year for Construction Trades? — Apprentices in the Construction Trades — Government Red Tape	281

PUBLIC WITNESSES — Mrs. Boxer: Housing for the Urban Elderly — Mr. Silcott: Ineptitude of Training Programs — Walter Thabit: Planner's-Eye View — Mr. Tompkins: Rent Control in New York City — Mrs. Brooks: Grassroots Action in the Bronx — Mr. Miller: Self-Respect Means a Job — Mr. Rubinow: Autonomy of Public Authorities — Mr. Lichter: Housing Code Not Enforced — Miss Benedict: Housing Should Be Public Utility	295
ADDITIONAL NEW YORK TESTIMONY — Jason R. Nathan — Raymond Graunke — Donald D. Martin — Joseph Lieberman — Eugene J. Morris — Paul A. DuBrul	311

Philadelphia

HOUSING AND JOB OPPORTUNITIES FOR POOR

DR. LEON SULLIVAN — Unwritten Alliance on Discrimination — People's Pot of Money for Housing	317
--	-----

MORRIS MILGRAM — Good Management Key to Integrating Housing — Business with a Social Goal — Right of Choice for Living — Need More than Token Investment — A Foundation for New Towns	319
---	-----

MORTON LUSTIG — Zoning as Economic Segregator — Expand County Zoning Power — Increase Public Housing in Suburbs — Tax Revenue and Education Costs — Tax Assessments Too Low — Developing People Along with Skills	326
---	-----

QUESTIONS BY COMMISSION MEMBERS — Mortgage Drought for Integrated Housing — Integration without Quotas — 221(d)(3) Projects Require Seed Money — Zoning "Club" Against Integration — To Keep People in the South — How Low Can Low-Cost Go? — Train for Jobs that Exist	335
---	-----

PUBLIC WITNESSES — Mr. Lopez: Housing for the Really Poor — Mr. Shuman: Action, Not More Study	350
--	-----

HOUSING GOALS AND PUBLIC SERVICES

MRS. DOLBEARE — Goal: Choice of Housing All Can Afford — Housing Gap at Bottom of Income Scale — Direct Housing Grants for Low-Income Families — Homeownership for All Who Want It	354
--	-----

ANDREW FREEMAN — Negro Residence in Suburbs Tied to Jobs — Would Rather Build than Burn — Educational Parks to Promote Integration — Health Services: Go to the People — Targets in Housing — Ghetto-Based Activities	363
---	-----

GEORGE STERNLIEB — Plumbing and Morale in Housing — Why Not an Urban Homestead Act?	369
---	-----

EVE ASNER — Philadelphia Vest-Pocket Park Program	374
---	-----

COMMENTS OVER SLIDES	376
--------------------------------	-----

QUESTIONS BY COMMISSION MEMBERS — Community as Key in Small Parks Program — Suburban Sharing of Housing Problems — Look at the Long-Term Trends — Mechanics for Regional Plan — Promote Negro Tenement Owners in the Slums — Doubts about Co-ops for Poor	378
---	-----

TURNING VACANT HOMES INTO ASSET

MAYOR JAMES TATE — A Philadelphia First — Mass Home-Improvement Industry — Lease-Purchase Program for Low-Income Group	393
--	-----

SOCIAL SERVICES AND HOUSING

FERN COLBORN — Communication Breakdown in Family Care — Too Little Spent on Research — Problem Families — Poor Public Services in Poor Neighborhoods	401
--	-----

ALVIN ECHOLS — Piecemeal Programs Cannot Solve the Problems — Goals for the Needed Overall Program — Guaranteed Income to Generate Economic Power	408
---	-----

ALICE LIPSCOMB — Disappointed Community	415
---	-----

THE REV. WILLIAM BENTLEY — New Role for the Church..	419
--	-----

SAMUEL ALPER — “New” Housing at “Old” Rent Outlay....	421
---	-----

QUESTIONS BY COMMISSION MEMBERS — Closing Costs in Mortgage — Training of Rehab Labor — Cost of Broken Families in Public Housing — Rent Subsidies to Help Homebuying	423
---	-----

PUBLIC WITNESSES — Mr. Toal: A Federal Institute of Urbanism — Mr. Harvey: Executive Order 11063 Ineffective	431
--	-----

PUBLIC HOUSING DEFENDED: FIT TO FUTURE

ROGER STARR — Successes of Public Housing — Considerations for Public Housing Location	437
--	-----

ALAN LINDY — Homebuilders Balked at Local Level — Better Neighborhood Planning Needed — Local Mortgage Insurance Would Help	442
---	-----

M. TODD COOKE — Mass-Directed Nonprofit Housing — Problems: Costs, Training, Manpower	448
---	-----

CHRISTY EMERSON — Programs Door-to-Door with People — How Public Housing Fits In — Community Acceptance with a Broader Clientele	453
--	-----

QUESTIONS BY COMMISSION MEMBERS — Low, Highrise Housing Compared — To Improve the Public Housing Program — Integration in Public Housing	460
--	-----

PUBLIC WITNESSES — Mr. Verman: Why Not Target 1976? — Lee Datts, Jr.: Build Well for the Poor — Lee Datts, Sr.: Importance of Father in Family	472
--	-----

ADDITIONAL TESTIMONY — Christy P. Emerson: Further Data on Housing Costs — Allene Yeargin: “Don’t Cast Us Aside” — Ahlyne Winge: Let People in Ghetto Make Studies	476
--	-----

Index	481
-------------	-----

Commission Members and Staff	inside front cover
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Schedule of Hearings	inside back cover
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New York City

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, DAVID L. BAKER, HUGO BLACK, JR., LEWIS DAVIS, JOHN DEGROVE, ANTHONY DOWNS, ALEX FEINBERG, JEH V. JOHNSON, JOHN LYONS, RICHARD W. O'NEILL, RICHARD RAVITCH, MRS. CHLOETHIEL WOODARD SMITH.

Housing and related issues in the ghetto and in other deteriorated urban neighborhoods were examined during the first day of hearings in New York City. Invited and public witnesses dealt with the roles of the local and Federal governments and of private industry in removing slums, and major attention was given to the proper role of residents in planning for the housing, social services, and businesses of their own neighborhoods.

*Auditorium, Intermediate
School No. 201
New York, New York
Morning, September 6, 1968*

WORRISOME GROWTH OF GHETTOS

MR. DOUGLAS: We want to thank you for coming, and to apologize for our getting here late. We appreciate your attendance. I am going to ask all members of the Commission to come forward and take their seats.

This is among the hearings which the National Commission on Urban Problems is holding in 18 cities of the country to examine, at close range, the subject matters it was charged to pursue by President Lyndon B. Johnson. These subjects, specified in Section 301 of the Housing Act of 1965, which brought the Commission into existence in January 1967, include Federal and local taxation, building and housing codes, land use, zoning, and development standards, as they relate to urban problems; and, most particularly, to the provision of an adequate supply of housing for people with low incomes.

May I make it clear that we are not "investigating" any city or area. We are seeking constructive examples of good things that have been done as well as looking at the problems. Further, while we hold a hear-

ing in a particular city because it offers a good example of one or more of the particular subjects we are pursuing, we also inquire about that subject in its broader setting. Therefore we have asked national experts as well as local witnesses to come to our hearings.

The meeting this morning is to be presided over by Mr. Jeh Johnson, a distinguished architect from Poughkeepsie, New York, who has been one of our most valuable members on the Commission. He will introduce the speakers, and we hope, preserve order.

MR. JOHNSON: Thank you, Senator Douglas. It is our usual procedure to hear testimony from our scheduled speakers first. Following that we have five minutes for questions from each of the Commissioners, after which time the meeting is open to members of the audience. Written statements of any length may be submitted to the Commission.

We start, this morning, with our first speaker, Mr. Paul Ylvisaker.¹ It gives me great pleasure to introduce Mr. Paul Ylvisaker.

STATEMENT BY PAUL YLVISAKER

MR. PAUL YLVISAKER: Thank you very much. Senator Douglas, and members of the Commission: I have come here this morning without a prepared statement, because I want to be relevant to your interests and to your questions. I thought what I might do is rather informally talk to you a bit about the work we are doing in New Jersey. Then I would like to say a few words about general problems we face, which I think are relevant to your interests as well.

In New Jersey, this past year, the Legislature, on the initiative of the Governor, created the department which I now head, the Department of Community Affairs.

This department brings together a variety of existing agencies and functions. Included in this department are OEO technical assistance (the poverty program), housing and urban renewal, code enforcement, aging, youth, physical planning, coordination of the state manpower programs, and training.

We are also attempting to coordinate Federal grants as they come to New Jersey. With regard to community development, we are working actively in the field of legislation, particularly with regard to tension in our central cities, and are also trying to do something about the economic development of New Jersey. We hope, for example, to develop the Hackensack Meadows — an area roughly the size of Manhattan — and in the next 10 or 15 years carry out a coordinated plan for that area.

¹ Commissioner of Department of Community Affairs, State of New Jersey. Director of Public Affairs Program, The Ford Foundation, 1958-66. Executive Secretary to Mayor of Philadelphia, 1954-55. Member UN Technical Assistance Mission to Japan, 1960-62; U.S. Public Health Service health exchange mission to USSR, 1964. Fulbright research scholar U.K.; Littauer fellow, Harvard. Taught, Swarthmore College, Woodrow Wilson graduate school, Princeton University. M.P.A., Ph.D., Harvard University.

This department has been thrown into the breach this summer. Since we were newly created, and were available for services when the disturbances broke out in Newark and in Plainfield, we helped in a negotiating and mediating situation. We also participated in a similar way in Atlantic City.

New Jersey's Action on Community Affairs

This department, most relevantly to your concerns, has been given by the legislature some basic tools which hold great promise toward solving problems that you are vitally concerned with. Let me review five pieces of legislation.

The first is a provision which authorizes the State to cover half the local share of urban renewal costs. In the case of public development in municipalities, we may provide 100 percent of these costs.

Second, we are made responsible for overseeing the relocation plans of public agencies (including the State's municipalities) with some modification in the case of the Highway Department.

A flat statement was made in that legislation that accepts responsibility for the adequate rehousing of persons displaced by public action.

The third piece of legislation involves maintenance and construction standards in multiple-family dwellings. New Jersey began accumulating tenement laws after the Lincoln Steffens exposé in the early part of the century. What the legislature has done is to put in my hands as Commissioner the administrative power to revise and update codes, which heretofore have been accumulated by legislative action. The authority extends to all dwellings in the State, including hotels, which house three families and more.

We are currently working with the best technical assistance we can muster to review all the accumulated statutes, to see in what way we can improve and modernize them.

The law says that we have about 270 days in which to make these changes and to issue administrative rulings though we can take longer than that. If we require more time, we just keep the present regulations in effect.

I think you will agree this is quite an advanced step for a state to take. I am not certain whether other states have moved as far and as aggressively as New Jersey; my impression is they have not.

The fourth piece of legislation was a modification of the Mitchell-Lama¹ program of middle-income housing here in New York. We are authorized to issue revenue bonds, with no maximum stated in the legislation. We may continuously go to the market with bonds to provide moderate-income housing.

With the help of consultants such as Mrs. Hortense Gabel here in New York, and Mr. Bernard Loshbough and Mr. Seymour Baskin in Pittsburgh, and others, we were able to take the Mitchell-Lama legislation and add some good features to it.

¹ See index.

One feature is a rent supplement program, admittedly far too small. We can charge premium rents for choice locations; we also can charge higher rents to tenants whose incomes rise beyond the allowable maximum; we may also charge economic rents for commercial structures built into the projects — we may take all three of these as a form of rent supplement to get a better race and income mix within the project.

Probably the most interesting piece of legislation, however, is the fifth. What it does is to give us a demonstration grant fund of approximately \$1 million. This has not been earmarked and is therefore a flexible resource.

What appealed to the Legislature was the statement continuously made in presenting the legislation, that it was time for the private sector to be brought into the housing field, and particularly in the rehabilitation of low-cost housing.

What we intend to do with this money is to encourage the creation of both state and local urban development corporations, which will bring in private money as well as public money.

We are still doing staff work, looking carefully at some of the projects here in New York City, and also in Pittsburgh, Detroit, Cleveland, and elsewhere.

But we do have our general objectives pretty clear. We want to get into rehabilitation, particularly in the older cities, to begin to effect economies of scale to bring the private companies into these cities so they can experiment with product development.

Also, we hope to be able to achieve, as Pittsburgh is now trying to achieve, changes in work methods as well.

Rehabilitation is possible and feasible on a much larger basis, with lower income groups benefiting, than has heretofore been the case. This is a vast leap forward, I think, in the housing field.

I don't want to detail all the other things our department is doing, except to say again that this summer we have been very actively involved in attempting to mediate, and, more basically, to correct the problems which are leading to the civil disturbances in our central cities.

Here I would like to move a bit from where I stand as Commissioner of this department, and from the daily activities we are undertaking, to give you a broader sweep of what I see as the urban problems in the United States — to where all of us on the firing line badly need help, and even without help are going to have to move ahead.

I have come here, I suppose, as a representative of what the states are doing and possibly can do.

More States Move on Urban Problems

I am encouraged to see across the country that state governments are moving far more aggressively on urban problems than they have in the past.

Recently, the Department of Housing and Urban Development called together a number of the states, expecting a small response. I

think some 43 states responded, indicating that in each case some effort was going forward to attack the urban problems with which you are concerned. Granted, the motivations and circumstances vary, and progress will vary. But I do think this is an encouraging development.

Yet, I would like to break even from that position as a representative of the states because one of the things that I think is necessary in our time is that we move in our thinking toward perspectives that transcend our present jurisdictions and powers, and begin seriously doing work on these problems.

I am not so concerned with whether it is state, municipality or Federal government that operates, but that each of us, when we get a chance, operate as fast, as effectively, as we possibly can.

I came to New Jersey because I found with Governor Hughes and the Legislature a circumstance which encouraged initiative and action. I think if there were equal opportunity in some municipal level, I and a number of people who have come to New Jersey would go there as well. It isn't that we are particular, now, about the jurisdiction that we represent, but that we are particular about the problem and the business of getting governmental power effectively to apply.

With regard to the substance of the problems we deal with, I don't want to sit here for a long time and give you a lecture which I know you have had previously from people more capable and versatile than I.

I do want to cite several of the major problems in the United States that we are currently contending with and which do need help.

Major Problem: More Ghetto People and Pressures

Number one is the fact that we are bottling up, in our declining economic areas, increasing numbers of the poor and disadvantaged. What is important, here, is not the statement but the ball park figures.

One member of your Commission, Mr. Downs, has presented them in detail to Senator Ribicoff's Committee. But I want to repeat them: Each year, by birth and by migration, the Negro ghetto in the United States is increasing by roughly half a million. The exit number is approximately 50,000; so that about 450,000 are being trapped in the ghetto areas of the central cities.

The increase of tensions which this represents is, I think, obvious. And each year the pressures grow with the further concentration of the ghetto population.

This means that no matter how enlightened our programs are, and how massive they may be, the United States faces a period now of some years where we can expect (though all of us may not like the prospect) increasing tensions and outbreaks across the country, simply because of the continuing momentum of this historical trend.

This indicates, I think, that the United States faces some major policy considerations.

We have to develop an urban migration policy, because individual municipalities cannot stand the strain of this on their own.

We now obviously are mechanizing the South, which forces great numbers of people off the land. No provision, really, has been made for them, except to take the rather haphazard or accidental journey to where their friends and relatives may be, whether or not housing or employment opportunities await.

I think it has come time for the United States nationally to develop a policy of migration, so that you do not get this haphazard development and further accentuation of the ghetto problems that we now see.¹

Relate Old Urban Areas to New Growth

Second, obviously, if we are merely to keep the size of the Negro ghetto — and I do not speak here of Puerto Ricans and others who face much the same problem — merely to keep the size of the ghettos constant it would require the outward movement of about a half million a year into what are now white neighborhoods.

I am not sure whether this country is ready, yet, to take a position on this, except what we have done by default. Certainly, we can no longer afford not to face the figures that I have given you.

I think it does demand much more encouragement in the system to the decentralization of this now increasing ghetto population.

On the other hand, we also need an economic base inside the central city, or available to it. One might define the problem by saying what we need to do is to bring the ghetto within walking and living and working distance of the growth areas of the American economy.

You have seen the employment figures which show that as we increase the population of the poor, the newcomer, the Negro disadvantaged in the central city, we are decreasing their employment possibilities, and producing discrepancies that can only result in increased welfare burdens. Not only that, but housing conditions are relatively deteriorating in the central cities. The other amenities of life are similarly deteriorating.

Certainly, the tax base of the central city makes it impossible, now, for even the most enlightened mayor to respond to the problem in scale.

I happen to think it is a mistake to deal with the declining areas separately, without relating them to the growing areas as well.

While we are trying to accommodate this tremendous movement of population, and its unfortunate concentration, we're also trying to build a new America for 100 million more people in the next 30 years. This will require the building, I am told, of about 100 Clevelands.

This will mean that in the next 30 years the biggest business of America will be building and rebuilding cities and communities — not projects, subdivisions. But cities and communities; nothing less.

This is a new form of enterprise which the United States is not prepared for.

¹ In response to later queries, Mr. Ylvisaker elaborated on internal migration policies. See page 7.

We have some large-scale builders, but the scale at which they're operating is as nothing compared to the scale of development that must occur.

What we must do, therefore, is to have the hardware and administrative organization and flow of revenue necessary to produce communities and rebuild communities at the needed scale. At the same time we must factor in the social solution that will keep us from being a divided America.

We are very close to what Lincoln faced in 1860. At that time he saw a Nation divided by race and by income and by economic groupings, North and South.

Today, the United States faces a division of our central cities against the suburban areas. And if the present rate continues, by 1983 roughly 20 to 25 of America's large cities — Chicago, Detroit, Philadelphia, etc. — will be preponderantly Negro.

I leave it as an open question — whether this trend should be encouraged. On the one hand, it allows for the Negro finally to get his political equity in controlling political jurisdictions.

What I dislike is the social segregation, and the fact that the Negro will be inheriting the deficit sector of the United States. This is no legacy for any group to inherit.

Therefore, I think you have to factor into our growth also the problems of the ghettos, the declining areas, the deficit areas in the American economy.

One cannot continue, as we have in the last 20 years, to build one America new, and to fail to build the other America old. The two must be brought together by some administrative tactic, by some policy, and certainly by some new political and financial arrangement — newer and better than we now have.

Mr. Chairman, this was intended just as an introductory statement and overview. I would be glad to entertain questions.

Additional Statement by Paul N. Ylvisaker

I agree, that internal migration cannot be regulated with the same control and precision as immigration. But we can adopt policies which express priorities and objectives. Let me cite several negative examples of such policies already set.

One has exacerbated the "Puerto Rican problem." Before World War II, those moving from Puerto Rico to the mainland travelled by ship; and with fares of small differential, they spread out through all the major ports. After World War II, a cheap airline fare was established between San Juan and New York City — which concentrated the migration and placed a very heavy load on one metropolis.

Second, we have left much of the determination of welfare eligibility and benefits to state and local choice. This has led to balkanization, which again has distorted the flow of internal migration.

Third, we allow companies (such as Ford Motor just two years ago) to recruit labor — as from Appalachia — without respect to local unemployment, housing shortages, etc.

Given such "negative" instances, one might therefore begin by examining the distorting influences on internal migration implicit in existing price, tax, and other policies. A next step might be to move toward positive objectives; e.g., developing incentives to bring migration and local employment, housing and other opportunities into balance. Knowing that past a certain population size, per capita

urban public expenditures double, we might want to steer migration away from the large central cities toward smaller communities of 25-50,000.

Certainly, we want to reduce the flow of rural Negroes toward the ghettos. This might be done (a) by building transitional or building up existing communities close to their point of origin, where whole families could resettle while they received job and other training; (b) by opening "catchment" communities and housing opportunities in the outer rings of the metropolis, where agricultural skills are more relevant — as in domestic service, gardening, etc., and where strains on family life are not nearly as devastating; (c) by systematically encouraging suburban settlement of Negro G.I.'s when they leave the service — as by counseling, job placement, and special assistance with housing.

We might also establish migration aids; as by purchase of homes owned in "dying communities," so that families would have a down payment to make when they arrived at their point of destination . . .

MR. JOHNSON: Thank you very much. We will have questions after the next witness. I would like to mention at this point that this Commission has a permanent chairman, Mr. Douglas, here at my left. He has asked members residing near the area in which the hearing is being held to chair various sessions. At subsequent sessions in New York, Mr. Ravitch and Mr. O'Neill will serve as chairmen.

Our second speaker this morning is Mr. Jack E. Wood, Jr.¹ Mr. Wood is Executive Director of the National Committee Against Discrimination in Housing. Mr. Wood, it is our pleasure to introduce you.

STATEMENT BY JACK E. WOOD

MR. WOOD: Thank you. I have prepared some very brief remarks in deference to what I believe is the interest of the Commission in hearing some of the experiences of my agencies. I intend to go through them as quickly as possible, so as to afford you an opportunity to present whatever questions you may be interested in posing.

I appreciate the invitation extended by Senator Paul Douglas to appear before you and present testimony which may be helpful to the Commission in its task of seeking solutions to the nation's critical housing problems. The Commission is charged with an enormous responsibility — one that extends far beyond the single issue of providing more and better housing for low- and moderate-income families. It must also concern itself with an examination of zoning laws and regulations, building and construction codes and requirements, code enforcement policies, and presumably the whole panoply of laws, codes, regulations and policies which, in the aggregate, affect housing supply and residential opportunity.

The National Committee Against Discrimination in Housing is a private, nonprofit organization concerned with many of the very same aspects of the Nation's housing problems as is the Commission on Urban Problems.

NCDH is the only national agency working exclusively in the housing-civil rights field. The Committee includes as members 47 organi-

¹ In housing field since 1945. Former Director of Housing for New York City Commission on Human Rights, municipal agency enforcing the city's fair housing laws; former National Housing Secretary for National Association for Advancement of Colored People. Member Board of Directors of National Housing Conference.

zations broadly representative of the Nation's civil rights, religious, labor and civic leadership. Founded in 1950, we serve as stimulus, catalytic agent, and clearinghouse in the field of housing, providing research, technical and professional assistance not only to our affiliate organizations but also to governmental and other private groups concerned with the question of equal opportunity in housing. NCDH developed the Operation Open City Program which now, under the direction of the Urban League of New York City, is meaningfully expanding housing opportunities and mobility for minority families in New York City. This program, subsequently expanded and refined, was utilized by the Office of Economic Opportunity in a four-city demonstration effort which significantly influenced national OEO housing policy.

In addition, NCDH provides technical and professional assistance to more than 1000 urban and suburban fair housing committees across the Nation which look to the National Committee for technical and professional assistance in the development and implementation of their programs to expanding housing opportunities and supply.

My comments, therefore, draw on both the background of NCDH's nationwide service, and my own personal and professional experience in the housing/civil rights field.

Before going on with what represents the body of my remarks, I want to take this occasion not only to express my pleasure at sharing this presentation of testimony with Paul Ylvisaker, a long-time friend and one who has given an enormous amount of work to the field, but I also want to commend the Commission for its very good and wise judgment in selection Intermediate School No. 201 as the locale for this hearing in this community. I see I.S. 201 as symbolic of many things in a Negro community of the City of New York, and I think that it was very wise and propitious judgment to choose it.

Never in the history of this Nation have we faced a domestic threat so potentially catastrophic as the explosive situation which exists in our cities today. At a time when much of the Nation's population is enjoying unprecedented wealth and affluence, millions of Negro Americans and other minorities are forced to endure a seemingly endless cycle of poverty, squalor, slums and blight. And aside from the seemingly bleak prospect that Congress may fund a few more small-scale Federal programs, there is virtually no promise of change.

The bold pledge of "a decent home and a suitable living environment for every American family" made by Congress in 1949 has become a hollow mockery for three-fourths of the entire Negro population. For these families live in a world apart from the rest of society — trapped in the rat-infested, slum-ridden ghettos of our central cities, and the prospect of a decent home and a suitable living environment seems beyond hope.

Ghetto Misery More Than Poor Housing

But life in the racial ghettos of urban America is beset by more than the physical problems of slums and blight. Poverty, unemployment, remoteness from decent paying jobs, inadequate training and health facilities, segregated and inferior schools, are all a part of the ghetto way of life. And this system, nurtured both directly and indirectly by government at every level, breeds hopelessness and bitterness and sustains a sense of racial alienation so explosive that the crisis in our cities now borders on catastrophe.

The tragedies of death, injury, and chaos in our cities in summer, 1967, prove more clearly than ever — particularly in such cities as New Haven and Detroit — that the building of better ghettos will not resolve the nation's racial crisis. The recent tragic rebellions in Newark, Syracuse, Plainfield, and Milwaukee all bear witness to the explosive forces inherent in the physical imprisonment and social isolation of a people kept out of the mainstream of community life.

Let us not forget the fundamental nature of the ghetto; no amount of repairing can remove from it the stigma of what society says it is — a reservation in which to keep the people whom the larger society does not care to associate with, and those problems it has no interest in dealing with.

That is Bayard Rustin's definition of the ghetto. Mr. Rustin goes on to say:

The people who are the most overcome by the spirit of the ghetto are the young people, those bursting with optimism, hope and a sense of possibility, but who are forced to make a truce with the reality that there is nowhere outside for them to go. The result is that they converge on themselves and on their own neighbors with self-destructive frustration and violence. We cannot afford to preserve, in any form, an environment that breeds such bitterness, such despair. . . .

The mental health of young Negroes in the ghettos is therefore essentially the mental health of someone who is actually imprisoned, and if we are going to liberate hundreds and thousands of young, pent-up, frustrated minds into the optimism and open air of the American dream, then we have got to abolish the institution of the ghetto, not refurbish it. Ghettos have no place in the spirit which for centuries we have been told is the spirit of America.

Survey after survey and observer after observer have warned that 70, 80 and indeed even 90 percent of the ghetto residents have reached the boiling point in impatience with housing discrimination and segregation, not just with poor housing quality.

A recent report on six northern cities by Brandeis University's Lemberg Center for the Study of Violence states that it is this very sense of being forced to live in the ghetto, and having few, if any, alternatives to it, which is one of the major causes of dissatisfaction — more widespread even than the discontent over the lack of jobs. Sixty percent of the Negroes in the six cities are dissatisfied with job opportunities. But, the report says: "Impatience with the opening of housing opportunities is even closer to the boiling point; an average of 76 percent feel that efforts to provide opportunities for Negroes to live where they want are going too slowly."

Simeon Booker, Washington correspondent for *Jet* magazine, one of the influential Johnson publications serving the Negro market, recently conducted a survey of some 700 Democratic party leaders in 30 cities. Asked what was the issue on which the Johnson Administration had least satisfied their expectations and their constituents' expectations, they replied: Housing discrimination; not housing alone, or better housing, but housing discrimination.

In Greenleigh Associates' study of Milwaukee, Wisconsin, more than a year ago, housing discrimination — that is, the inability of ghetto residents to find housing outside the blighted area — was the major concern of the Negro community.

In a John F. Kraft, Inc. survey of Harlem, we hear the cry: "Find me a better place to live, whether it's here, or in any of the other boroughs, or outside of the city, and I'll grab it. But help me finance the move."

It is often assumed that people who are uprooted from their present homes will support improvement and renewal, but balk at moving into a new neighborhood. But the Harlem survey suggests, and very strongly, that an assumption like that would be wide of the mark. When Harlem residents were asked where they would like to live, if they had to move, just 17 percent said "in Harlem." None volunteered that they would like to see their children live in Harlem when they grew up.

In Akron, Ohio; in Philadelphia, Pennsylvania; in Louisville, Kentucky; in Newark, New Jersey — to name only four cities — major protests were launched this spring directed by the central city Negro ghetto leadership, to demand open occupancy under law, and in fact especially in the operation of the federally financed housing and renewal programs.

In three other areas — Easton, Pennsylvania; Greenburgh, New York; and Pulaski, Tennessee — similar protests have changed or stopped segregated and discriminatory site selection practices of the local public housing and/or urban renewal agency using Federal dollars.

Psychologist Kenneth B. Clark, in his extraordinary book, *Dark Ghetto*,¹ wrote:

Racial segregation, like all other forms of cruelty and tyranny, debases all human beings — those who are its victims, those who victimize, and in quite subtle ways those who are merely accessories

The victims of segregation do not initially desire to be segregated, they do not 'prefer to be with their own people,' in spite of the fact that this belief is commonly stated by those who are not themselves segregated. A most cruel and psychologically oppressive aspect and consequence of enforced segregation is that its victims can be made to accommodate to their victimized status, and under certain circumstances to state that it is their desire to be set apart, or to agree that subjugation is not really detrimental but beneficial. The fact remains that exclusion, rejection, and a stigmatized status are not desired and are not voluntary states. Segregation is neither sought nor imposed by healthy or potentially healthy beings.

But the Nation labels as a model urban renewal city New Haven, Connecticut, which, while slightly improving the quality of some Negro housing, has in fact massively reinforced Negro isolation and segrega-

¹ Kenneth Clark, *The Dark Ghetto* (New York: Harper, 1965).

tion from the total urban community and the good schools, good jobs, and other good things of life that white residents enjoy.

In city after city — Chicago, Louisville, Milwaukee, Rochester — Negro residents are demanding open housing, but the unyielding direction of Federal, state and local policies has for decades been and is now the building of better ghettos.

Congressional proposals for ghetto investment in jobs and housing, whether they be modest or massive in scope — whether they be Senator Percy's or Senator Kennedy's or any of the nearly forty bills now pending before the Senate Subcommittee on Housing — are restricted solely to ghetto investment in a "finger in the dike" approach to the economics of job and industry migration to the suburbs.

Revitalizing Ghettos Not Enough

A preliminary report on an NCDH study on jobs and housing patterns shows a decline, or at best minimal increase, in central city jobs, compared with extremely large increases in jobs in surrounding suburbs. This present and apparently growing trend in the Nation's economy is unlikely to be reversed by ghetto investment and revitalization programs now being considered.

In my judgment, these revitalization programs are not only necessary — but should, in fact, be far more extensive than presently proposed — marshaling both public and private resources with genuine urgency. But exclusive reliance on these revitalization programs would cut Negroes off permanently from participation in the full economy of the entire urban area. Revitalization must be coupled with a massive increase in housing supply for low- and moderate-income families on a metropolitan-wide basis, and the opening of that increased supply and the existing market to all citizens without any racial discrimination whatsoever.

Manifestly, as we read the morning papers, it continues to be the main interest of the Negro community of Milwaukee.

Clearly, then, this Nation is today challenged to fulfill at last its commitment to achieve "a decent home and a suitable living environment for every American family."

For as men are shaped by their worlds, so also are their housing choices affected by other factors. The selection of sites, the location of jobs, schools and public facilities, suburban zoning ordinances and building requirements, and the policies of the real estate and mortgage lending interests — in the past these have all operated as part of a system designed to limit and restrict nonwhite residential mobility. That system must be changed if America's cities are to survive.

Because of the high cost of public services, especially for new residents with young, school-age children, local governments have taken affirmative action to limit the economic range of families who can live within their borders. Zoning ordinances, minimum size requirements, water and sewer permits, building codes, restriction standards, and

other legal and administrative devices have been and are today being used to bar entry of low- and moderate-income families to suburban jurisdictions.

In most metropolitan areas around the country, however, the bulk of the poor are nonwhites. Thus, their exclusion from suburban housing functions as effectively as outright denial based on color. This inability of Negro families to secure suburban housing has had an enormous impact on school patterning within metropolitan areas: local school districts, reflecting population, have become increasingly all-white or heavily Negro, with consequent negative implications for intergroup contacts or for social mobility or economic advancement among Negroes.

Zoning laws and practices which the Douglas Commission has been charged to study are our Nation's fundamental declaration of intent that Negro citizens are to be condemned to ghetto imprisonment.

Zoning laws have created enclaves for the rich protected by the state, and those enclaves for the rich are insurance that ghettos for the poor will also be protected. The key case in 1959 in Connecticut — *Senior v. Zoning Commission* — sustained four-acre zoning, restricting New Canaan to a superior residential district from which all but a select few would be legally barred.

Thus, official state action supposedly forbidden by the Constitution is used to preserve whole areas from invasions by the poor, which in our society means Negro citizens.

Suburban jurisdictions, while restricting residents by race and refusing to participate in Federal low-income housing programs, have been willing to participate fully in Federal grants for public works and community facilities.

The Federal Government has refused, in this and past administrations, to use its power under the Constitution and the Civil Rights Act of 1964 to break down the barriers to freedom of residence. Rather FHA [Federal Housing Administration] and VA [Veterans Administration], which built our ghettos along with private industry, are now joined by other agencies of the United States Department of Housing and Urban Development in enforcing segregation, with only minor exceptions brought about by concerted pressure of the Nation's civil rights and housing groups.

House Negroes in Suburbs Near Jobs

I made reference earlier to a study made by the NCDH on jobs and housing. As many of the members of the Commission know, the trend is towards the decentralization of industry and an exodus of industry toward suburbia. This has occurred in the course of the last five or six years; for example, 62 percent of all mercantile establishments, in the course of this last half-decade, have located in suburban communities.

It is painfully clear to Negro Americans that while the Federal Government has the authority to undertake affirmative action for equal

housing choice under the Constitution, the Executive Order, and Title VI, the present Administration and the agencies charged with its housing responsibilities refuse to accept the responsibility and to exercise the authority which would give meaning to President Johnson's own words:

"As long as the color of a man's skin determines his choice of housing, no investment in the physical rebuilding of our cities will free the men and women living there."

Every day Federal money and power are used to build racial ghettos. Federal benefits are creating community patterns and conditions in the housing supply which build in segregation. Federal agencies have allowed municipalities to select sites for federally aided low-cost housing for 30 years in areas where such segregation is foreordained. FHA continues doing business with discriminatory builders, lenders, and real estate brokers. Urban renewal and highway projects destroy integrated neighborhoods and swell the ghettos. Federal loans and grants are poured into restricted white suburban communities for schools, hospitals, water and sewer systems and other facilities. Government installations and plants with Federal contracts locate in areas where employment opportunities are cancelled out by racial barriers to housing.

The Congressional action authorizing construction of a new \$300 million Atomic Energy Commission facility at Weston, Illinois, devoted to new breakthroughs in basic research, despite the fact that equal job opportunity and equal housing choice are de facto barred to more than one million Chicago Negroes, is as shocking as the failures of the Administration.

It is most noteworthy and heartening that the Urban Coalition¹ has broken with the Nation's public policy commitment which forces Negro Americans to live in ghettos. The Coalition has coupled its call for bold and immediate action to increase low-income housing supply with a call for guarantees of equal access to all housing, new and existing. The white business power structure is on record now for freedom of residence as well as increased numbers of decent housing units.

I also want to praise the proposal by Senator Douglas, that repossessed FHA and VA-aided homes in outlying areas be used to provide low-income housing for the poor, because this would open and immediately make available a source of low-cost housing to the lower income urban residents, near existing jobs. The Douglas proposal complements a suggestion made by NCDH in its February, 1967, publication, "How the Federal Government Builds Ghettos."

The U. S. Department of Labor recently released an adverse report relating to employment in the slum ghettos in some of the larger cities. This showed unemployment so much worse in the slum ghettos than in the country as a whole that national unemployment rates are utterly irrelevant in considering problems of minority workers. Thinking

¹ National organization of civic, business, labor, church, civil rights and other leaders, formed following the 1967 urban riots.

about unemployment in terms of 3.7 or 4 percent is simply leaving the slums out.

Basic to the massive unemployment problems of urban Negro workers is the fact that for more than a quarter of a century unskilled and semiskilled job opportunities have been moving away from, or have failed to develop, in the areas of Negro concentration, whether in the rural South or in the urban North. While Negroes have been migrating from rural areas to central cities, new employment in commercial industry has tended to locate in suburban and outlying sections of metropolitan areas, where for largely racial reasons Negroes are not permitted to live. The fact is that wherever he now lives, and wherever he is likely to live in the coming years, if enforced segregation is permitted to continue, the Negro worker faces an unemployment situation experienced by no other group in the history of this Nation. The nearly total lack of available employment opportunities in areas reasonably proximate to places of residence is an apt description of the dilemma he is confronted with in the years ahead.

In this light, the so-called unemployability of Negroes because of work problems, educational deficiencies, educational policies, garnishee records, hiring restrictions, and the like — these so-called criteria of unemployability — cannot be said to account wholly for persistence of massive unemployment among nonwhites. Rather, the physical maldistribution of labor supply and labor demand within the country as a whole, and within its major urban areas, must be weighed to accurately assess the nature of today's racial crisis, and to develop effective programs and policies to meet this crisis.

Mr. Chairman, in my judgment the figures which very dramatically indicate the Nation's jobs are leaving the central cities areas and moving to suburbia call into very serious question the need for a revolutionary reform and reexamination and assessment of the policies and the focus and the priorities of this Nation as it proceeds to contribute toward the redevelopment of the central cities and of suburban communities.

We now need to undertake a very deep and penetrating examination of our policies respecting demonstration cities, pilot city programs, and a host of other programs followed by the Federal Government that seem to fail to take into account the fact that trends toward suburbanization are a characteristic not only of white families, but one that seems to be characteristic of most of the Nation's jobs.

Senator Douglas has promised within the past few days that this Commission will come up with substantive and specific proposals to meet the Nation's urban crisis. Those proposals must include specific figures for massive investments throughout the urban area in job-producing industry and in decent low-cost housing stock for rental and sale to low-income families. Those proposals must include the marshaling of every resource — private and governmental — in an atmosphere of urgency. But these proposals must clearly recognize that just as jobs and housing are two sides of the same coin of ghetto residents' demands for their rightful share in America, so an expanded

supply of decent housing and the right to live where a man chooses are two sides of the housing coin.

Mr. Chairman, you will recall that during your many long years of service in the Senate and your leadership in the field of civil rights we had frequent occasion to talk about some of the housing problems confronting Negro citizens. It was helpful to us in those days to cite some of the historic legal cases that have seemed to build a body of law reinforcing and guaranteeing the right of all citizens to enjoy residential freedom.

You no doubt recall that in 1917 a series of very important legal cases, such as *Buchanan vs. Warley*, were brought before the Supreme Court by the NAACP in its very first major legal activity in its beginning.

In these cases, what was being challenged was the right of municipalities across the country to set aside entire blocks for restricted occupancy — for exclusive occupancy, as in Birmingham, Alabama, for Negroes; as in Louisville, Kentucky, for Negroes; as in San Francisco, for people of Chinese descent.

The Supreme Court decision in the *Buchanan vs. Warley* case held that municipal zoning ordinances — racially restricting ordinances — were unconstitutional, and a violation of the Fourteenth Amendment.

It seems curious indeed that while this was a constitutional holding that dates back fully a half-century, many of our suburban municipalities continue to indulge in this very same kind of practice which, if for reasons not outrightly expressed as being racially restrictive, nonetheless have a racially restrictive and racially discriminatory effect.

In speaking with various planners and economists, sociologists, and those who are experienced in the field of zoning and urban planning and community development, I find that many of the problems of density and high rents in the slum ghettos of the major urban centers around this country are sustained by racially discriminatory zoning ordinances. In fact these ordinances in suburbia serve to impact families into areas of enormous density in the city, and thereby to sustain areas of high rents.

It has been stated as recently as the last couple of weeks by one of the leading urban renewal consultants in the State of Connecticut, who has considerable experience with racially restrictive zoning ordinances, that if the suburban communities surrounding the City of New York were to change materially their racially restrictive zoning ordinances and bring about just a 10 percent decrease in the congested slums and ghettos of New York City, this would have a revolutionary and marked effect on the mere incidence of high rents in Harlem and South Harlem and Jamaica and Bedford-Stuyvesant. The diminution of people within these areas would then bring into play a more competitive market circumstance, and have a very constructive effect.

This means, as I am sure you will agree, that the racially restrictive zoning ordinances and other building limitations in our metropolitan areas have automatically become a very significant and vital part of the Commission's studies.

Local Contravention of National Policy

It is curious that suburban jurisdictions, while restricting residency by race and refusing to participate in Federal low-income housing programs, have been willing to feed very frequently at the Federal trough for financial assistance on other programs.

I know a community, not far distant from my place of residence in Westchester, where they speak with pride of their four-acre zoning requirements that bring about discrimination against low- and moderate-income families of color. But this very same community draws very heavily on Federal financial assistance for its schools, for its public facilities, for its hospitals, for its water and sewer systems, for its highways.

It seems to me that there is a certain amount of mockery or deceit or ambivalence in the policy of this Nation, which extols to the heavens, internationally as well, the importance of equal opportunity and of freedom and of dignity, but which at the very same time financially supports and undergirds these communities that contravene the national policy.

It is personally gratifying to me that when I served as Housing Director for the NAACP, Mr. Wilkins' housing office played a very pivotal role in bringing about a complete change in the policy of FHA in 1959 and in 1960, respective to the nondiscriminatory release of federally acquired properties. It is a curious observation, though, that in the seven-year period that has elapsed since that change of policy was announced by the then Administrator, Norman Mason, there seems to have been very little in the way of real major accomplishments in the FHA- and VA-acquired property foreclosure market.

I hope I didn't bore you with this prepared testimony, but I did want to get these points in. That ends my prepared remarks.

MR. JOHNSON: Thank you very much, Mr. Wood, for your very fine testimony.

I would like to repeat that our procedure is to allow the members of the Commission to question the speakers and, following that, we will accept presentations from members of the audience.

I would like Senator Douglas to start the questions.

QUESTIONS BY COMMISSION MEMBERS

Discrimination by Federal Housing Agencies

MR. DOUGLAS: *Thank you very much. Mr. Wood, in your statement you make a very severe charge. You say, "Rather FHA and VA, which built our ghettos along with private industry, are now joined by other agencies of the United States Department of Housing and Urban Development in enforcing segregation with only minor exceptions, brought about by concerted pressure of the nation's civil rights and housing groups."*

This is a very serious charge if it is true.

I wonder if you would be specific in indicating why you believe it to be true? Perhaps you might draw a distinction between sins of commission and sins of omission.

MR. WOOD: I neglected to bring forward with me, here at this table, but I do have extra copies elsewhere in this auditorium, of a recent publication by the National Committee Against Discrimination in Housing entitled, "How the Federal Government Builds Ghettos."

The pamphlet goes into considerable detail in documenting instances of acts of both omission and commission by the agencies of the Federal Government, particularly the Department of Housing and Urban Development, in failing to execute the responsibilities and the obligations of that arm of government in insuring that all American citizens have equal and free unrestricted access, without considerations of race, to the Nation's housing.

MR. DOUGLAS: *Would you submit that?*

MR. WOOD: I would like to, very much.¹

MR. DOUGLAS: *What about FHA and VA? What about the charges against them?*

MR. WOOD: Mr. Chairman, I think it is a matter of national record and public knowledge that the Federal Housing Administration, ever since its establishment in the middle thirties, has followed until just very recently a policy of affirmatively encouraging racial separation among people, and among families who occupy FHA-insured property.

MR. DOUGLAS: *Are you saying they will not insure mortgages on homes of Negroes?*

MR. WOOD: The Federal Housing Administration was established in 1934, and from the very outset it was staffed by persons drawn from the private real estate industry, among whom the basic idea was homogeneity in community development.

From the very outset, the Federal Housing Administration, for the enlightenment and edification of those developers and those lending institutions that didn't know the game, included in its operating manuals models of restrictive covenants, so as to enable developers to build lily-white suburban developments around the entire Nation, on a racially restricted basis. It was not really until 1948, when this policy was struck down by the Supreme Court, that FHA then began to revise its policy. It didn't get the message of the Supreme Court's decision in 1948 until February 1950, when it changed its policies.

From February 1950, until President Kennedy, in November 1962, issued Executive Order 110063, the Federal Housing Administration and other departments of HHFA did not reverse their pattern of encouraging racial segregation to one of affirmatively encouraging racial integration. They merely followed, from 1950 until 1962, a policy of complete neutrality.

Since 1962 they have been charged by Presidential executive order to be a little more conscientious and a little more affirmative about these concerns.

¹ In Commission files.

But the charges that the National Committee Against Discrimination has already documented, and charges that have, in fact, been supported by persons who now are leading authorities and officials in government, very, very clearly demonstrate that there has been something less than an inspired and vigorous and enthusiastic and forceful enforcement of the presidential order.

MR. DOUGLAS: *Have their faults since 1962 been sins of omission or active acts of commission?*

MR. WOOD: I don't believe that the Federal Government can be guilty of a sin of omission. It has an obligation and responsibility to be affirmative and positive in protecting the rights and interests of all its people.

MR. DOUGLAS: *A sin of omission is a sin of commission?*

MR. WOOD: It is, indeed. In the course of the nearly five-year period — exactly five-year period — since President Kennedy issued the historic but limited Executive Order, I doubt very seriously whether the Federal housing agencies have processed more than 300 complaints.

MR. DOUGLAS: *I see I have taken up my time.*

MR. BLACK: *Mr. Wood, with respect to the job problem in reference to the ghetto, what do you propose we do about getting more jobs available to people in the central cities? What can we do to get them there?*

MR. WOOD: I think, first of all, we will have to face up to the inevitability that this trend is not going to be reversed. It isn't going to be reversed.

I have a great deal of admiration and respect, and I very strongly support Senator Kennedy and Senator Javits and Senator Clark and others who have been proposing legislation that would beef up job opportunities, that would induce private corporations to come into the central city areas and provide an expanded volume of jobs for the families forced under restrictions that I have outlined to reside in the ghettos of America.

I have a great deal of admiration and support for the proposals now being put forth by Senators Javits, Kennedy and Clark to induce private industry to meet their role and obligation and responsibility in American society by expanding job opportunities in the areas of our cities, where many of our disadvantaged citizens now reside. But I hope I made the point — that merely to concentrate exclusively on this kind of effort is to ignore the larger potentiality and the larger inevitability that in the competition for space and manpower supply — in the competition for a host of things suburbia and exurbia hold out for America's business — the trend is going to be toward a suburbanization of commerce and industry and services. This has already been demonstrated over the last decade and a half, and there is little to indicate that there will be any substantial change.

It means for us that we're not only going to have to do realistically our level best to aid in the employability of families who are forced to reside in slum ghettos, but we will have to even more significantly

expand their residential choices in areas outside of ghettos, so as to enable them to be near their jobs, wherever the jobs are, in fact, going.

In Watts, Negro families have been forced to reside so far from downtown Los Angeles that it takes a Negro woman two and a half hours to get downtown, and three dollars. This means, by the way, that she leaves her children before she prepares them for school at 5:30 and 6 o'clock in the morning, and doesn't get home until about 8 or 9 o'clock. In Watts, where this situation exists, the response of the Federal Government has been to bus these families into downtown Los Angeles every morning, and just as assuredly bus them back to the ghetto every night. That is not the kind of approach.

If this had been a problem for white families in the earlier part of this century, or the middle of the forties or fifties, we would have provided housing opportunities and housing choices for these families in and around downtown Los Angeles.

But in the 1960's we provide buses for them to go in, and I suppose we are not too far distant from requiring them to give us written assurances that they will, in fact, go back each night.

Manpower Training for New City Design

MRS. SMITH: *Mr. Ylvisaker, in your very interesting description of your whole new community affairs program, could you tell me about your program affecting the design professions? Do you really think that we are technically prepared to do these massive programs of "100 Cleavelands" in 30 years, or do we need a new kind of program for training in this work?*

MR. YLVISAKER: On the first part of your question, we have been working with a number of architects, most particularly with Dean Geddes of Princeton University, several of whose staff are under contract with our Department, on the design of several low- and middle-income housing and neighborhood development projects.

I would like to broaden the response, though. As you know, I think the architect has too often been confined to a tiny and constricting corner of our urban problems.

But for the architect to join and to take a larger role means that instead of designing individual buildings, he will have to join in searching for ways to design communities which have a relationship to jobs and to the whole function of the community. This embraces a much larger perspective than normally he has dealt with.

I don't mean to throw a hook into the architectural profession. I find, for example, evidence right here in Harlem — a group called ARCH — of a real consciousness, and an attempt by the architect profession to engage in broad planning.

This leads to your second question about the training. It is pretty clear, certainly in New Jersey, that, as we now face the problem in scale, we don't have the manpower, either in architecture or in building, or in administration, or whatever, for the job ahead of us. This isn't an excuse. We are doing a crash job, and we have no choice but

to move ahead, even of our present competence. This is a risk to take. The answer to your question is, yes, we need more competence. We need massive training, and I would certainly call for a vast expansion of Federal, state and other aids for training in this field.

We ought not to go too quickly to an extension of the years it takes to train — especially in the isolation of the totally academic.

I am a great advocate of the modern apprenticeship and the work-training program. I think, for example, right now of the number of GI's coming out of the service, and particularly the Negro GI's, who have gone through a very meaningful experience and are ready to take hold in this society. The GI is now being mustered out and often has skills that are not used or upgraded.

I would like to see Project Transition (in the military service) tied to a super-GI Bill, if necessary, to encourage returning GI's to enter into all the relevant urban professions—not simply architecture and planning, but urban renewal, housing and the rest.

I think with one or two years of training, and using the approach of new careers for the poor, taking them into subprofessional work and then escalating them into professional work, we can make some progress.

In other words, we can't wait for business as usual in the universities, recruiting just the people who have found their own way to these professions. It is going to take some real leverage, some real aggressive tactics.

MRS. SMITH: *Thank you very much. I didn't mention the word "architect." I would like to remind you I said "design professions." Do I have time for a quick question to Dr. Wood? There are two parts to it.*

Everybody seems to lie down when they say where jobs are going, as if there is an inevitability. Isn't it possible to have a broader study than just relocation, and would you feel that a national policy on new towns and new cities and attraction of jobs would help solve the ghetto problem by moving new types of labor to new industry in new towns?

MR. WOOD: In response to the first part of your question, Mrs. Smith, it is my understanding — and correct me if I am wrong — that we will be indulged in a period of time to submit to the record a more detailed documentation of some of our concerns.

The National Committee currently is engaged, or is at the very brink of completion, of a bit of research and study in the jobs versus housing arena. As soon as this is ready, I would want to share it with the Commission for its own records and for its own study.

I am hopeful it will provide some answers and some charts, and some considerable data, indicative of population and demographic changes, indicative of the job distribution changes, and of a host of things, to respond to the early part of your question.

Respecting a national policy in the construction of new towns and new villages, which Dr. Ylvisaker earlier indicated the value and importance of, I think President Johnson took a very forward step the other day when he announced the use of the National Training School

site in the City of Washington for redevelopment into a sort of inner city new town that subsequently can be expected to house upwards of 25,000 total population.

If we consider that this is 1967, and that within the next 33 years we face the prospect of upwards of 350 million population in this country, and that substantially over 83 or 84 percent of them will be residing in urban areas, then it seems to me we have got to conclude that we have to make certain we build for this enormous quarter-of-a-century expansion on something other than the shaky pillars and foundations of the segregated slum ghettos today. We also must do it in such a fashion as to provide for new towns and villages where all of the important things are brought to play in a useful mix, including not only jobs but recreational facilities and all the other important amenities of life that families have a right to aspire to and enjoy.

I am purposely not responding to that part of your question which has to do with whether or not the Federal Government ought very forcefully to predetermine for industry precisely where it should locate. I don't think we want to begin to put in controls that really breach the kind of freedoms that we want to enjoy. But there are ways and means for the government to induce and persuade and encourage virtually every segment of the Nation's economy, private and otherwise, when it wants to.

What the government really has to do, in my judgment, is to come around to a realization of the crisis and to develop the kind of commitment and resolve and determination to come to grips with it. It will then find ways and means. This has been the history of the Nation.

MR. RAVITCH: *Mr. Wood, would you happen to know how much assistance the Federal Government has provided, under the National Housing Act, to the suburbs around New York in Westchester County and Nassau County, and how much public or moderate priced housing has been created in those areas?*

MR. WOOD: Mr. Ravitch, to provide you figures on the supply of moderately priced housing is not difficult, for the reason that we have only one moderate-priced housing program sponsored by the Federal Government, that being 221(d)(3).¹

MR. RAVITCH: *Or public housing?*

MR. WOOD: Let us back up a bit. We really only have two programs in this country, two Federal programs designed to provide dwelling units for families of low- and moderate-income levels. They are the programs that we used to know and refer to as public housing projects, administered by the local public housing agencies, and moderate-income, under 221(d)(3).

MR. RAVITCH: *My question is, how much urban renewal assistance has been given to these communities, and how much public and moderate-priced housing has been built as a result of these urban renewal projects?*

¹ FHA mortgage insurance for new or rehabilitated rental housing for displaced or low- and moderate-income families, with mortgages bearing market and below-market interest rates.

MR. WOOD: Considerable assistance has been given to the communities in southern Westchester, for example, where as recently as a few months back a survey showed at least 15 or 16 cities to be deeply involved in renewal programs.

MR. RAVITCH: *How much public and moderate-income housing has been built in those areas?*

MR. WOOD: Very little. I seriously doubt that we have more than three or four cities in lower Westchester that have been able to get ahead with low-income housing in connection with urban renewal projects.

MR. RAVITCH: *If you could obtain more precise data on that, I think it would be interesting for the Commission.*

MR. WOOD: I would be pleased to develop it and present it to the Commission for its records, but it will be a distressing statistic.

MR. RAVITCH: *You referred to the matter of rebuilding the ghettos. Do you think that since it obviously can't all be done in one fell swoop, the beginning should take place on the periphery of the ghetto, or in the center of the ghetto?*

MR. WOOD: I believe, for all practical purposes, that it ought to take place on the periphery, if these decisions are going to be entered into and participated in by the people who reside in the ghetto area.

I don't advocate an extensive redevelopment and refurbishment and revitalization of areas of ghettoization, but neither can I sit here and honestly turn my back on the families that reside in these areas while extolling the virtues of the outer city and of suburbia.

One year ago, as you well know, the "White House Conference To Fulfill These Rights" submitted a housing report to the Nation, and I was privileged to be a part of the task force that developed that report. That report said essentially that the Nation's problems in housing must be met on a three-pronged basis. There are no simple and easy solutions.

There are at least three minimal problems that have to be concomitantly attacked. We first must have a national open occupancy policy in this country.

Secondly, we must make massive additions of low- and moderate-income housing, broadly dispersed throughout the entire metropolitan area.

Thirdly, we must contribute to a revitalization and a redevelopment of various slums and ghettos.

While I regard all three of these as extremely important, I am least enthusiastic about a large-scale program to rebuild for containment areas of ghettoization in this city or in any other city.

We have reached a point in this Nation, now, where whenever anything happens in the way of a rebellion or whatever, you have simply to call out a certain geographic area and it is identified to the entire world as a place of residency by Negroes.

Negroes can no longer and will no longer indulge this kind of stigmatization by just geographic designation.

What to the average kid on the street do names like Watts, Hunters Point, South Side Chicago, North Side Milwaukee, Bedford-Stuyvesant and Harlem represent? What do they mean?

Some Hope from Model Cities Program

MR. RAVITCH: *Do you think, Mr. Wood, that there is anything implicit in a Model City Program that furthers this policy of containment — as you refer to it — of just rebuilding and gilding the ghetto, if you will?*

MR. WOOD: I think there is much implicit in the Model Cities Program that can bring about a beautification and a gilding of the ghettos of America.

You recall that when this piece of legislation was first presented to the Congress, the President tried to get the Congress to open up the entire housing market. He said at that time, as long as the color of a man's skin predetermines his choice of housing, "I therefore call on Congress to open the market while we engage ourselves in this kind of social and physical renaissance."

But the Congress struck down that section that would have authorized the Secretary of HUD to conduct his program in those communities that would use the Model Cities Program to expand opportunities as well as supply. And so the Secretary of the Department of Housing and Urban Development is stuck with the Model Cities Program, which in many respects is going to concentrate and focus solely and almost exclusively on areas of ghettoization. He contends he has no authorization to contribute to an expansion of the housing supply in areas outside as well.

Dr. Frank Horne, whom many of us regard as the foremost authority in the housing and civil rights field, has described the Model Cities Program as both a promise and a threat.

A great deal is going to depend on the imaginativeness and the determination, not only of municipal leadership, but of the watchfulness and the resolve of community leadership as well. Some of it may fall to the lot of the National Committee Against Discrimination in Housing.

MR. O'NEILL: *This is addressed to both Mr. Wood and Mr. Ylvisaker. We all know that every town and city of this country has its authority delegated to it by the states, especially the right to zone fiscally, as it were. It is also true that most state constitutions are inadequate to the needs of the next five years.*

We now have the sorry spectacle of the New York State Constitutional Convention, on the one hand not granting New York City the right to control its fiscal affairs, so the Mayor has to run to Albany every year. On the other hand, it is still leaving in the hands of these suburban towns the right to zone fiscally. It means, on the one hand, not giving local control, and on the other hand giving local control.

The constitution that will come out of that effort upstate, now, will be no different than the constitution of 1894, which certainly wasn't

geared for urban needs. The amendments in 1915 and 1938 did very little to change that body. In other words, we will have a big constitution like the one of 1894, with a whole mess of amendments that are statutory.

I wonder how much you two think state constitutional conventions and other such things in this country should go towards controlling fiscal zoning if they insist upon controlling local fiscal affairs like taxation?

Incentives to Spark Needed Changes

MR. YLVISAKER: I wouldn't comment on New York. In New Jersey we did have a constitutional change more than a decade ago which streamlined state government and generally did a pretty good job from an administrative point of view. However, when we get into the circumstances you are describing, I think even there we face real problems. It is very difficult, not just for constitutional reasons, but also for practical, immediate political reasons, to supersede municipal ordinances, or to supersede municipal administration.

What we're going to do in New Jersey is to start using what powers we have. For example, in my shop, we have the power of fiscal review. Our shop has to approve every local budget and every local bond issue in the state. So far, this has been used largely as caretaking powers, emphasizing prudent fiscal concern. We have just appointed a new person to take over that office — a municipal administrator. His assignment will be to broaden that mandate, and to see how those powers can be used to accomplish other purposes as well.

I suppose the use of the stick can produce a rough reaction, because we are facing a situation, here, of a political minority attempting to get a better break out of our society, but from a largely disinterested majority. Therefore, it is not just a question of the law, but also of behavior patterns.

I have noticed one thing, and I would like to comment on it in connection with some of the earlier questions as well. I have noticed that the carrot goes a lot farther than the stick, but you have to have the stick in case the incentive doesn't work. It makes a lot of sense for your Commission to review the incentive patterns in Federal-state assistance, to see whether they encourage or discourage the purposes we want served.

For example, we now have Model Cities legislation — Section 204 — which requires a metropolitan review of 10 different categories of Federal assistance. But the fact is that housing is not among them. It might very well be included as a category for regional review.

In addition, why not offer a community which begins to break its color and income line double its money in Federal grants?

There are many, many ways in which you can introduce incentives in the system which will encourage housing integration.

One of them that has been talked about in other circles has been the idea of adopting what in effect are bounties: scholarships of \$1,500 to

\$2,000 a year for children in the ghettos, to be picked up by whoever is ready and able (whether suburban or private school systems) to educate them to prescribed levels and standards of accomplishment.

For the first time, therefore, the low-income person would become an economic incentive rather than a disincentive to the system.

This may be an impractical first suggestion. But I am urging that all of us look seriously at our system and see if incentives are built in such a way as to enforce the kind of patterns we want to see.

MR. WOOD: Dick, I have very little to add to that, except the observation that what Dr. Ylvisaker suggests would, in fact, work. But it would have to be first preceded by a complete change of values on the part of American society for it to approve where it wanted to put its incentives.

I continue to retain, in the back of my mind, the concept of zoning commissions in these little suburban enclaves as being by and large hardly more than instruments of state authority.

MR. O'NEILL: *In other words, would it be right to say that you believe that political expediency will prevent the state from ever being the ally of the municipality in solving these problems; that it will have to be from the Federal Government with the carrot and stick?*

MR. WOOD: I not only share that point of view, but I am leaning toward something else.

In the painful analysis, does it really matter whether or not these zoning ordinances that are restrictive emerge from local or from state control? The fact remains that they breach and deny certain rights and privileges that our families should enjoy.

I am not an attorney, but it seems to me there is a very obvious contradiction and denial of the protection guaranteed by the Fourteenth Amendment, because any time a local municipality's zoning commission takes to itself and to its people the right to set aside four-acre zoning tracts, and thereby excludes families of color and low income, then it is using the authority of the state to exclude discriminatorily a large segment of the Nation's population.

Consider this one piece of statistics that I picked up just the other day. In Connecticut — and this is ongoing, as you probably know — in Norwalk and in Stamford and also in Greenwich, there are cases that are prototypes of racially discriminatory zoning acts.

In this massive metropolitan area, if we look at the City of Bridgeport, Connecticut, we find that 33 percent of the students in the schools are Negro, and less than 2 percent of the students in the suburban communities outside of Bridgeport are Negro. If we go to New Haven, we find that 49 percent of the students in the schools in the central city are Negro, and in the surrounding lily-white suburban enclave, the figures range from .5 percent to .75 percent. These percentages largely come about as a consequence of restrictive policies, minimal zoning, building requirements, and racially discriminatory zoning ordinances that are rigidly enforced by the suburban enclaves on the periphery of New Haven.

My view is that, in each one of the communities, the local zoning commission is working and operating as an instrument of state authority.

Serious questions of law are involved that are now being challenged by responsible civil rights and other attorneys in Connecticut who probably will make their testimony and their briefs available to you.

MR. DEGROVE: *Paul, may I ask you a quick question about your point about trying to improve the efficiency of rehabilitation operations. Have you carried it to the extent of attempting to negotiate or deal with labor unions, to bring into the picture more efficient practices that would lower the cost? You will remember that you talked about it.*

MR. YLVISAKER: This is still ahead of us in New Jersey. I am watching and following very closely what ACTION-Housing is doing in Pittsburgh. As you probably know, about two months or so ago, with a development fund similar to the one we're setting up, the Pittsburgh people developed a coalition of community support for the idea, and subscription of funds occurred very dramatically.

The head of the local building trades said that he would break both the color and jurisdictional line, producing a general rehabilitation category in the trade, which means that a person, whatever his color, who was recruited to that job, could then do a variety of tasks on a rehabilitation site.

We, in New Jersey, are now in negotiations with the unions to see if we can accomplish the same thing.

There are several forces going for us with this program. One is in the "stick" category. The court ruling out in Ohio, recently, which said that any state enterprise could not continue construction where the unions had a pattern of discrimination — this is positive.

On the incentive side, the volume of construction activity which we as a State represent, now, with mortgaging possibilities, is so great that it gives us a good deal of leverage.

I think the combination of these two may provide results. But, most of all, it has to be an appeal to labor itself — the great need to participate in community affairs. Given this last summer, I should think the persuasive side of it would be felt.

MR. DEGROVE: *I would like to echo very strongly your suggestion that this Commission take a strong look at the incentive patterns in the Federal Government, as to whether it is aimed at producing the kind of action and end result that our society really needs.*

Both of you put your finger on the key problem; that is, how to change the metropolitan area situation from a kind of a war between the central city and the suburban area to some kind of cooperative venture to solve the problem on a metropolitan area. We are not making it yet. It seems to me we will have to.

Mr. Wood, I have some question about your putting so much emphasis on zoning as a deterrent to disbursing the ghetto and getting a significant number of Negroes to move into the surrounding suburban areas.

It seems to me that we wouldn't have any trouble identifying innumerable suburban communities where there are no zoning ordinances relating to lot sizes, where you don't have very much difference in the residential racial pattern than you do where there are, say, four-acre zoning restrictions.

There are many other factors that to me are more crucial than the open occupancy law, or the lack of one. Do you have one in New Jersey?

MR. YLVISAKER: Yes, we do.

Zoning and Negro Dispersion

MR. DEGROVE: *Do we have data on what effect this has on suburban communities? It seems to me we need maybe a more vigorous and hard-nosed assessment of what some of the factors are.*

Looking at land-use patterns across the country, four-acre zoning is relatively rare, I think. But very few Negroes are in the suburbs. That is not rare, it is very common.

MR. YLVISAKER: You can discriminate under any acreage. I hope we won't get too mechanical in our solutions, because who is to administer these laws is so important. I have seen very bad laws administered very well, and I have seen very good laws administered very badly. I would put a heavy premium on the kind of people given responsibility.

MR. WOOD: I apologize if I have seemed to place too much weight on racially restrictive zoning. It is for the purpose of emphasizing what I thought was a felt need on the part of the Commission for an array of reasons that cause the pattern of discrimination and segregation in housing. This actually runs the gamut.

MR. DOWNS: *Mr. Wood, I happen to agree very much with your desires to see a dispersion of the Negro population in the suburbs, but I think there is a difference between dispersion and integration.*

It may be necessary to go through a stage of dispersion which involves the creation of what amounts to suburban segregation before we can arrive at a fully integrated society.

If you had a choice between significant dispersion in suburban areas, but in what amounted to enclaves which were segregated, and no such dispersion, which would you pick? That may be the choice you have got.

MR. WOOD: There are no choices there, but I don't think we have to pose the offshoots that are going to be made available to Negro American citizens. We have never presented them to any other segment of society, and there is no reason, I think, in your judgment or mine, why this Nation cannot in fact resolve to completely open the housing market, to end the ghetto, with the job that has to be done; and to reverse, as a matter of fact, the job that the government itself was largely responsible for starting.

MR. DOWNS: *If open occupancy laws show they have absolutely no effect at all —*

MR. WOOD: That is a disparaging comment.

MR. DOWNS: *If you think passing an open occupancy law will create further dispersion, it will not. Sixteen states have them, and there is no more integration and dispersion in those states than where there are no such laws.*

There must be some other kind of mechanism that is going to be necessary to cause this dispersion. Do you have any idea what it might be?

MR. WOOD: I think you certainly unmeaningly or unwittingly started out with the wrong premise, and then you developed a criticism based on it.

It is not really fair to say that the history of experience under the state fair housing laws has been such that these laws are of no value and of no significance.

MR. DOWNS: *I said they don't cause dispersion. I said I didn't think they are no value, but that they didn't cause dispersion.*

MR. WOOD: They have not really been in effect for any length of time, and this Paul just pointed out. I am not persuaded that all of them are being enforced with the kind of determination and resolve and vigor and commitment that they should be.

Mind you, we speak with some degree of pride that we now have 21 states with fair housing legislation, and that 17 of the states have laws that affect the private housing market. But these 17 states that have laws that affect the private housing market have been a decade in developing their legislation. They passed a piece of legislation in 1955 which says in effect, "No discrimination in housing developments of 10 or 15 units in size." But it was not until the last couple of years that these laws had anywhere near the kind of scope and reach and effect that ought to have been characteristic at the very outset.

We just have not had enough experience, under fair housing legislation that covers the entire market, to make any kind of assessment at all.

MR. DOWNS: *Let us assume, for the moment, that these laws themselves are not causing widespread dispersion. What other obligation —*

MR. WOOD: We have to start with establishing legislation. None of us ever contended that one accomplishes the end result, but it is the obligation on the part of government.

MR. DOWNS: *Then what do you do?*

MR. WOOD: From then on a great deal has to do with where housing is located and sale and rent ranges.

For some reason, we prefer to believe that people live where they want to live, and nothing could be further from the truth. People in this Nation — the ones that I am talking about — live where they can find housing within their financial reach, and where such housing is being developed for them.

You can predetermine the residential patterns of an entire Nation by the selection of sites and by the ranges that you provide, or the choice within economic reach of the family. If we build low-income at the bottom of Westchester or in the eastern edge of the State of New Jersey, or in the middle of Staten Island, as we have done here ef-

fectively in the city, or on Gardner's Island — and the first was Staten Island — the people given that housing will benefit by reasonable access.

MR. DOWNS: *I agree, but there has been a lot of criticism of low-income housing being created in large cities — for example in Harlem and Chicago — with a resultant massing of large numbers of people in high-rise housing. Would you envision a difference?*

MR. WOOD: I wouldn't advocate the kind of construction still characteristic of this Nation in the past quarter of a century. I certainly think the fact of a four-mile stretch of public housing in Chicago is characteristic. We can't any longer afford to build these kinds of institutionalized concentrations of low-income housing. We have to scatter them on sites throughout the entire metropolitan area. We have to provide amenities for them that we are providing for moderate and middle-income families. We have to keep their elevation down.

The prospect of low-income families with families of considerable size having to reside in 30- and 40-story institutional-type buildings is just something that they can't indulge. It is something we ought not to impose on them.

Significance of Service Economy

MR. YLVISAKER: May I have the privilege of going on for a moment? I think it is terribly easy to get too involved with a single solution.

With regard to open occupancy, New Jersey has a fairly tough law, and we hope it has been pretty well administered. But when you get right down to cases, as with relocation, and you follow displaced families in their search for housing, discrimination abounds.

Full enforcement of even good laws would require adding a whole fleet of compliance officials. But legal sanctions even when abundantly staffed are not enough. We also need positive programs of financial assistance, housing, personal guidance, etc.

Let me move to another observation. There has been an easy acceptance, in this country, of planning based on the manufacturing economy. We are used to thinking that a city is a good city if it facilitates the mass production, distribution, and consumption of material goods.

We are now moving into a service economy. Instead of formulating the problem of Negro mobility too quickly as one only of open occupancy in the suburbs, we should be talking basically of access to the growth sector of the economy, which is the service sector.

Services are now concentrating in central cities. But decisions still are to be made on where to locate the new educational, medical, and other services complexes. I hope that the Federal Government, in building, would redirect its medical centers and community colleges specifically into the central city.

If it does that, then it ought to encourage also — as we in New Jersey intend to encourage — movement of the Negro and other disad-

vantaged population toward that growth factor, because there is a psychology involved. The opportunity of growth produces a sense of buoyancy that you don't now get in that area. It means a lot of other things, as well. It means adding training and retraining facilities and day care and other kinds of supportive programs. It turns out not to be just open occupancy or ability to get housing. It means a neighborhood built by service concepts.

We will have to judge our communities, shortly, on the access of citizens to critical services like education, health and the rest, rather than just a market basket of consumer goods. When we adopt that criterion, I think we will really get to the point of city planning. Right now I don't find much hope in the old approaches.

MR. JOHNSON: Thank you very much. We would like to thank you gentlemen for your testimony this morning.

Now we will hear from others who asked to be heard this morning. Our list is growing pretty long. We will have to end this morning's session at about one o'clock. Those who are not able to be heard who are already on the witness list, and those who are not yet on the list but who would like to be heard, can be heard at 3 and possibly at 4 o'clock, also.

The list of those here includes a number of very distinguished New Yorkers. I would like to call, first, on the Honorable Percy Sutton, President of the Borough of Manhattan.

PUBLIC WITNESSES

Mr. Sutton: Bad Housing Symbol of Ghetto

MR. SUTTON: Senator Douglas, gentlemen and ladies, I understood that you wanted only five minutes, and as an attorney I am unable to talk just five minutes. I hope that you will endure the six minutes that I have, and I would like to be asked questions.

How many people would have predicted — just a few months ago — that the summer of 1967 would witness tanks and helicopters patrolling the streets of American cities, with armed battalions enforcing the peace, and thousands of Americans engaging in insurrection and aimless violence? Yet it happened in 1967, and while more intense in its violence and damage, it was but a followup of 1964, '65 and '66.

The riots may have passed their peak — let us hope so. But is there validity for such hope? Has a change been made in the ingredients that cause the riots? There is danger of a widening gap between middle-class America and the poor and powerless of our ghettos. There is the danger of a deepening division between white and black America. There is frustration, alienation, and distrust on one side, and prejudice and fear on the other. There is the danger that this fear by the majority population will breed resentment, and resentment will bring hostility; and that the increasing hostility will feed the fear, and the wall of

resistance to change will be strengthened by fear and hostility and become of steel in its obstruction.

The world, seen through the eyes of the young in the ghetto, is a dark world and a hopeless world. It is a cruel and a humbling fact that to date all the governmental and private efforts have not even contained the problem, and the economic and social problems in the ghettos of our Nation's cities are growing worse, not better.

Our responsibility is clear. We must reject the advice of those who are willing only to write laws against violence and the symptoms of the ghetto, while refusing to eliminate the vile conditions of life in the ghetto. And we must reject the counsel of those who would ignore the cruel disproportions of spending billions for the freedom of those on distant shores while being less than fully concerned about the problems of the cities here on our shores.

Senator Douglas, and members of the National Commission on Urban Problems, you have heard, I am sure, witness after witness come before you and plead that there must be a massive national economic commitment to the solving of the problems of our great cities — a commitment fully involving private industry as well as all levels of government. I join this plea, for there can be no other answer. I join this plea as one who comes from the ghetto and one who lives now in the ghetto of Harlem. Today's hearing deals with the difficulties of providing low-income housing for the urban poor.

If we describe a ghetto as living in crowded conditions, and add the middle-income housing in that area, then I live in the ghetto of Harlem. You will hear, during the course of the day, a number of views and, I am certain, imaginative solutions to this problem. Yet, without the national commitment that I speak of they are condemned to be ideas without implementation, creativity without the creation.

Today you deal with probably the most difficult problem you have been assigned — low-income housing. I don't claim that better housing is the cure-all for the problems of the urban poor. Better housing will not, of itself, raise income, provide better education and medical care, or furnish cultural standards for people who have never known them. Yet, to ghetto dwellers, bad housing is the most tangible, immediate, visible, daily symbol of all their other problems. In a Louis Harris survey of the causes of rioting this year, ghetto dwellers themselves said lack of decent housing was the greatest single reason for their discontent.

The most recent Federal proposal to meet this problem of poor housing and poor environment — the Demonstration Cities Program¹ — is an admission that we are still in the realm of experiment, pilot effort and demonstration in coping with the problems of slum housing. It is an experimental program with less than enough money to spread the basis of the experiments. The program should be expanded, but it should be confined not solely to clearing slums, but also to increasing the housing inventory from which low-income families can make a choice. I say with emphasis, it should permit cities to go outside their

¹ Renamed the Model Cities Program.

boundaries and construct model cities on farm lands, drain off the cities' poor into well-planned residential, commercial, and industrial satellite cities.

I suggest to you one of the greatest problems we have in clearing the ghetto is the removal of people and the creating of new ghettos.

There are many of us who have been thinking about it for some time. Some have done active work in this respect, taking some of the farmlands in Rockland County and Westchester County, permitting this to be bought up under moneys from the Model Cities Program, and there constructing complexes where middle-income as well as low-income people could move. Industry is there, commerce is there, and transportation for those who do not get employment there. This, gentlemen, is a better solution than our present method, which runs up the cost because of the high acquisition cost of plots in the ghetto and the concentration of the people there.

This, I say, is a major solution. More money should be given to it. More money should be given to Federal programs which encourage local housing authorities to build smaller projects that include individual houses which can blend with existing neighborhood patterns. Let us make our public housing more beautiful. If we are truly dedicated to beauty, then our public housing projects must set an example of better design for better housing.

Housing projects should be built for sale as well as rental to the poor, and those now built for rental should be made, whenever possible, saleable to the occupants or to nonprofit corporations under various forms of tenure; they should include new as well as rehabilitated housing. I suggest sale because of my long-held belief that the low-income family should be given an opportunity for ownership when it so desires.

This is a point of real concern to me, to bring public housing into private ownership, and housing generally into private ownership, with all of the pride that comes with it — the pride of ownership. Owning a part of the action is very important. It gives stature that cannot be had by merely being a tenant.

This requires government or private subsidy.

There is today a need for a greater variety of government-aided housing, including a large stock of decent private housing under private landlords; owned and rented housing; cooperatives and condominiums; rowhouses; free-standing and semi-detached units; and special housing for the elderly.

All this is essential, because people are by their nature diverse, with their individual likes and dislikes. People are mobile; and their tastes and needs vary as they move through life. Housing should be designed in architecture and in programs to meet these needs. There is no one type of house, no one form of ownership, be it public, private or quasi-public, and no one type of tenure, that will suit all preferences at all times and in all places.

For too long an assumption has prevailed that cooperative and condominium ownership was not suitable for the poor, and was suitable

only for middle- and upper-income families. The non-availability of mortgage money, and the philosophy that the poor are tenants and not owners, have stood in the way of the poor owning their own homes. But the benefits to the poor of owning their own dwellings, be they private homes or cooperative apartments, are potentially so significant that I feel it is worth trying on a massive basis.

Homeownership frees the family from dependence upon the slum landlord for a roof overhead. It gives the poor family something it can call its own. It gives purpose and brings pride in possession, with a greater stake in the community.

The emotional and psychological elements that cause rioting have been cited often. So have the search for identity, the importance of family and community, and the individual's image of himself in his community.

Here again, homeownership is not of itself the answer to unemployment, poor education or prejudice. But it is a fact that people who own property have a "piece of the action," and will not want to see it threatened in an eruption of violence.

Cooperative Ownership in the Urban Ghetto

In order to test my strong feeling that cooperative ownership can produce economically feasible and socially desirable low-income housing, I have with the help of a number of humane and socially conscious people entered upon the development of a demonstration project here in the Borough of Manhattan.

In a square block whose specific location cannot be revealed at this juncture, because to mention it would raise the price, there are 17 run-down, old-law tenements in which live 182 families who look out over a large rubble-strewn vacant lot. We seek to rehabilitate this block in its entirety and place ownership of the apartments with the tenants themselves.

Our proposal does not entail the extensive alterations usually associated with rehabilitation. The buildings are not going to be totally rebuilt — rather, they are to be given "extensive restoration" by installing needed new plumbing, adequate wiring, and new vestibules, by painting the public halls and the exterior of the buildings, and by plastering and painting the apartment interiors.

It is our hope to bring it in — the cost of acquisition of the property as well as the restoration — at not more than \$4,000 per unit. This would permit us to sell to the tenants who are there at not more than \$200 down payment on each of these apartments, with very little increase in cost of ownership over the actual cost of renting.

We are in the experimental stage on this. Our hope is that with some sought foundation funds we will be able to underwrite the mortgage costs of some \$580,000 needed for the purchase of the block, plus rehabilitation costs. With existing FHA programs, the block will be sold to the present tenants as cooperative housing, with downpayments of \$200, and carrying charges that they can easily afford.

The inside core of the block plus the vacant lot will be turned into a private plaza with access to and from the various buildings surrounding it.

This program will allow the community people who have been living in the block for years to continue to live there, in attractive, comfortable housing. There will be no dislocation, and the feeling among tenants that they are being publicly supported will be completely eliminated.

While there are no easy answers to the better housing of the poor, there are better ways of doing what is being done, and more that can be done that is not being done. There is a wealth of programs which may be undertaken simultaneously, in which both the Federal and state governments can join.

I have presented one possible solution today — cooperative ownership in the urban ghetto. You will hear other proposals — many of them equally valid.

Yet, the decent house and decent environment for every American family is still as far off as ever. And it is the mood of Congress still to look to token programs and demonstration programs. In the absence of a far-reaching national commitment, our cities can expect nothing better than continued and accelerated deterioration and death.

MR. JOHNSON: Thank you very much for your informative testimony. Are there any questions from the Commission?

MR. O'NEILL: *Mr. Sutton, can you tell me off-hand as a guesstimate, what is the unemployment ratio among able-bodied Negro men in Harlem?*

MR. SUTTON: I cannot. Your question was, "Can you tell me what the unemployment ratio is on able-bodied men?" and I don't think anyone else can give you what it is on able-bodied men. I am disturbed by the estimates I have seen in the newspapers, and I refuse to participate in another guess.

Too often the gimmick is that there are a number of able-bodied people. Somebody comes through Harlem and sees people out on the street who don't want to be in their hot houses, and this person decides they're all lazy, able-bodied people they see out on the street. I dislike the estimates that are so often made.

MR. O'NEILL: *I was thinking about the job opportunities. There aren't any job opportunities, or very few job opportunities.*

MR. SUTTON: There are very few job opportunities, but I was reacting only to the continuous publication of the number of able-bodied people.

MR. O'NEILL: *I wasn't getting at that.*

MR. JOHNSON: Thank you very much, sir. We are looking forward to seeing how your project goes forward.

MR. RAVITCH: *I wonder, Mr. Sutton, if you might comment on the amount of public governmental space that has been created, and the concomitant result of creating jobs in the Harlem community—*

whether you see any change in the trend of moving of governmental offices to the Harlem community.

MR. SUTTON: First, there has been no moving. There has not been one movement of a governmental office to the Harlem community. There is a proposal for a State office building to be in the Harlem community. I am disturbed by the fact that this State office building is to house only those offices that relate to the Harlem community.

Many of us had hoped that the State office building would be similar to what is in other communities, where all the people have to come to conduct their business with the State. We are very disappointed that it is somewhat in the nature of a colonial office building.

There is hope, though, Mr. Ravitch. If we can somehow interest private industry — not because of their social consciousness, but on a profit motive basis — to come into the ghettos, either by tax abatements or otherwise — if we can interest them in large numbers to come and open the door to the ghetto, then this will be progress.

Of course, government, with all of its talk, has not been an active partner to the people of the ghetto in really bringing jobs into the ghetto. Not yet, sir.

MR. JOHNSON: Are there any other questions? Thank you very much. I would like to call next Congressman James P. Scheuer of the Bronx.

Rep. Scheuer: Current Pace Too Slow

MR. SCHEUER: Ladies and gentlemen: I will speak very briefly and informally in anticipation of the questions.

Because I have been so deeply involved in the field of housing, and because you have such enormous housing expertise on your panel, I thought I wouldn't address myself, in my initial statement, to the field of housing, but talk about some of the non-housing implications of the problems we are facing in our city today.

I do want to start out by making a plea supporting, certainly, everything you have heard today. We must do something about our urban communities, about the fester and the stink, and the slime and the rats. But please, don't just rely on new programs that are going to add to the housing supply 1 or 2 or 3 percent a year.

I have been involved with large-scale housing developments before I came to Congress, as professionals on your panel have been involved. There isn't a project that we finished in less than a decade from the time we got the go-ahead to do the job. We can't wait that long, and we don't have that kind of time.

The United States Congress passed a code enforcement program just two years ago — in the late fall of 1965, actually.

I have been following that through the legislative pipeline, and I worked with the city in preparing an application for code enforcement funds before the law was even signed by the President.

Within days of the law's being signed, New York had its application in. It was finally approved last March, and we still don't have the first inspector up in the Bronx. Not the first paint brush has hit a window

— not the first new paving-block has hit the streets. Two years have passed, and there hasn't been one penny spent in the district for a code enforcement program.

This doesn't involve acquisition of land. This doesn't involve condemnation problems. This doesn't involve private mortgage financing. The government is there. Funds have been provided. Allocation has been made, but yet as of now two years will have elapsed, come next month, and not the first paint brush has touched the door, and not the first plaster has hit the wall.

While contemplating new construction programs for business, for new employment, for slums — and I am for that — and while you are contemplating new construction programs for housing — and I am for that — I tell you as a professional that these programs are going to take two or three years at a minimum before construction is under way, and four to five years before the first new plant or new apartment house will be completed.

We don't have a decade or half a decade to wait. We must do something about the systems that provide the essentials of urban life now — not a five-year or ten-year pipeline. We must provide a program where we can make livable and make minimally habitable the housing established now. That is where the action should come, now, not producing an infinitesimal dribble that will come out of a pipeline five years from now.

We must do something about the system of job training and job provision now, and bring into this effort the entire vast strength and power of American industry. We must not rely on a few corporations now to build a few cosmetic plants in a few slums, to be used as their institutional advertising, plants that may open up three, four, or five years from now.

I am in favor of new construction programs, both for housing and nonresidential uses, but let us co-opt into this effort the housing supply and the employment machinery that is there now. We must have instant improvement in our residential neighborhoods, instant improvement in our system of training and employing the poor.

Schools Are Crux of Problem

I would like to say one word about the education system, which to my mind is the crux of this matter.

We face a desperate situation in New York, and I am sure in other urban centers, in the totally miserable, cruel and inhuman inadequacy — the gross inadequacy — of the system. Today, in the Bronx — this is a figure that hasn't been published before — there are 10,000 seventh graders who are more than three years behind in reading.

When you have that kind of a system, you don't have a system at all. You don't have anything that can be dignified as an educational system. That is a nonsystem that is exploiting and sentencing these children to lives of dependence, to lives of insecurity, to lives of disappointment, alienation, shame, and neglect. This is a system that is

destroying lives. I say we must improve our system for delivering public services. That includes education, and it includes welfare. You have heard the statement by Mitchell Ginsberg that the entire welfare system has perpetuated poverty and maintained it, and fortified it over the generations, and it must be cast aside. We must build a new welfare. Your health services program sometimes is a disgrace. If we had had the same rate of infant mortality as Sweden, we would have had 40,000 young infants who would have lived last year instead of dying.

I beg you, and I implore you not to come in with programs that just provide funds to be channeled through these systems that are going to reduce the effectiveness and the impact of those funds virtually to zero.

We have had enough third generation public housing, enough third generation welfare families. We have had enough experience with an education system in New York City that shoves kids through a pipeline, distributes them through a pipeline, expels them from a school system when they finish high school, but where we know they have been vastly unaffected by the educational process.

A large majority of them are functionally illiterate with their high school diplomas. They cannot use reading and writing as everyday tools of life. Is that a system any one of you would tolerate in school or college or hospital or university, or the business in which you function?

There is no measurement of success or failure in our education, in our health, in our welfare systems. There is no measure of responsibility for the abject failure that these systems are showing.

And so I urge you to concentrate, first, on programs that have a visible, meaningful, prompt, dramatic impact. Don't just rely on new construction programs.

Second, bend your efforts to improving the systems by which too many Americans are sentenced to lives, as I have said, of dependence, of self-doubt, of alienation, and of hatred for themselves and therefore of society. We need systems that will enable a young child to function effectively and give him the health and education services he needs to be an independent, creative member of society, and enable that child to function with pride and respect and independence and self-esteem.

These are the hallmarks of what I would tell you, and now I would be happy to answer any questions.

MR. JOHNSON: Thank you. Are there any questions?

MR. DOUGLAS: *Congressman Scheuer, how would you do all these things?*

MR. SCHEUER: The motto of the State of California is, "Send Me Men to Match My Mountains."

I think the President has picked men to match the mountains, judging by the size of the problems. If a man of your towering eminence can't produce the leadership and insight and toughness and the heart and soul to come up with a program, it is hopeless. I believe you can do it.

I believe, also, in the other people on the panel. I believe they are capable of this kind of insight and hard fighting. This will be a tough fight, but I believe that you have got the toughness and the leadership to do it on your panel.

MR. DOWNS: *Do you have any suggestions for the panel?*

MR. SCHEUER: I would start with our welfare system, as Commissioner Ginsberg has suggested. I would redefine it from the foundation stones. I would start with our education system, as nobody on the Board of Education has suggested, but as I have suggested. I would redesign it from the foundation stone.

If the members of the Board of Education system were members of a corporation they would have a legal obligation to interfere, to intervene, with leadership and ideas and knowledge and know-how. They would be subject to legal penalties if they didn't.

There is a formerly great real estate corporation where the directors didn't intervene and take active leadership. They are being embarrassed. Among them happens to be the dean of one of the great law schools of our land, who is embarrassed because he didn't intervene.

I say the members of the Board of Education are under a moral obligation — if not a legal obligation — to intervene and provide leadership to make that system work. That system is bankrupt, and if it were anything but a public board, there would have been a trustee in bankruptcy declared long ago. If it were a hospital, and people were dying unnecessarily — or a fire department, and fires were burning structures unnecessarily — or a police department that couldn't maintain the barest semblance of law and order — or a corporation that couldn't meet its creditors tomorrow, there would be some kind of measurement of abysmal, total failure. There would be a change in leadership and a change in the system. But somehow too many of our systems of public services are immune from measurement of success or failure and are immune from placement of responsibility.

The Board of Education is a perfect example of a system that is responsible to no one, and we have got to change that system, and it will be tough.

MR. JOHNSON: Thank you. We have a number of people who have been waiting all morning to be heard. Our time will run out if we don't move ahead. Thank you very much, sir.

Mr. Low: Produce Shortcuts to Housing

MR. LOW: I am Robert A. Low, a Councilman in New York City of the Fourth District in Manhattan. In the interest of time and the fact that there are other speakers here, I will try to compress my statement into a few moments.

I am the Chairman of the Building Committee of the New York City Council, which has just passed the new housing maintenance code, and we have before us now a new building construction code. Public hearings are scheduled for September 27 and September 29th. With that

background, I am going to make just one recommendation to the Committee, and that is this, sir.

As I understand it, Senator, you have been a traveling show this summer, and you have been to many cities. I am going to make a suggestion that you travel to another country, that you go to Montreal, Canada, to inspect the new housing project, Habitat, if you have not already been there, and that you take a couple of hours to discuss that project with one of the architects who may be available, because it seems to me that while each of the recommendations that you have heard today is urgent, we must examine our archaic building practices if we are going to mass-produce housing.

I say if we have the technical ability to mass-produce millions of refrigerators, stoves, toasters, radios and TV sets, we should be able to develop the techniques to mass-produce the housing within which to enjoy these conveniences of twentieth century living.

We must look for the day when we can be fabricating dwelling units with the same certainty and proficiency with which today we stamp out automobile bodies, kitchen sinks, or bathtubs. Without such a dramatic flow on the production line, we certainly can't expect to meet the housing needs of our people.

That is the essence of my recommendation, Senator. I have included, here, a number of statistics to show that the housing picture in New York City is not all that it should be for a variety of reasons, one of which certainly is the cost of construction. These figures indicate that in 1966 our housing completions were down, our housing starts were down, applications for new permits for construction were down, and that our maintenance picture was 31 percent below that of 1965 in terms of activity to rehabilitate housing.

The gist of this suggestion is that if we are going to mass-produce housing we have to look for new techniques. I would hope that out of this Commission would come a research program to develop mass production of houses, the same kind of mass production techniques that have enabled American industry in other fields to outproduce the world.

With this type of approach we're going to be able to produce the housing, and I believe that some of the other problems, too, will start to take care of themselves, even though we do need aggressive leadership in these areas. But some of the other problems, particularly discrimination, will start to take care of themselves if we can provide housing at rentals or at costs that people can afford.

And so, without further ado, sir, let me suggest you make that little trip. I know that Habitat is a prototype and that the costs are outlandish for a dwelling unit today. But if we can get on with this job of mass-producing dwelling units, I think it would be a wonderful thing. This Commission has an opportunity to ventilate this problem, and perhaps to come up with recommendations for the funds with which to embark on the necessary research.

I would like to stress one point — just to show you how dramatic this can be. Out of two molds, in Habitat, they created a bathroom, top and

bottom, and fitted them together. They created entire housing blocks and put them together as a child would build building blocks, one upon the other. But they have 75 different molds up there. That probably should be reduced to 7 molds in order to mass-produce and bring costs down.

I suggest that this is an exciting principle. Let us go on from there.

MR. JOHNSON: Thank you, Councilman Low. We would like to say we are studying this question of housing technology and mass production of housing, and we are also studying the Habitat structure in Montreal.

MR. LOW: Good. I might add that I understand up in Botson, where I am going next week, Tech-Crete¹ is another process involving mass production of dwelling units that might well be worth your examination.

MR. JOHNSON: Thank you very much. I would like to call on Mrs. Mary Little.

Mrs. Little: Poor Suffer in West Side Renewal

MRS. MARY LITTLE: I am from the Community Development Corporation of the Mid-West Side. There they have an urban renewal area. The boundaries are from Central Park West to Riverside Drive, and from 74th Street to 97th Street.

I want to talk to you this morning about how urban renewal affected poor people of that area. I am a poor person. I have two kids, and I make less than \$4,000 a year.

In 1962, urban renewal started on the West Side. I lived in 94th Street at that time. They came in, surveyed everybody — large families and small families. Then we were promised that if we moved from one building to another, when the new buildings would come up we would have first priority to come back.

Since that time most of the people have been moved out of the area. They told us that it would be economically integrated. Well, as far as being economically integrated, that can happen any place. You are not so interested in that.

We are interested in the poor people and the rich people living together, black people and white people living together. We are also interested in owning a decent place to live, a place for our family, a place for our kids to grow up. We are interested in nice schools. We are interested in the better things of life.

I understand this morning there was a tour of the West Side with the people, I guess, that didn't even live there, because most of the poor people around that area didn't know anything about this conference.

The urban renewal problems don't concern the middle-income people of that area. Most of the people over there, now, are poor. In

¹ Concrete panel adaptation to housing, developed by Carl Koch, Boston architect.

February, 1962, there were almost 5,000 people there. In December, 1966, they were promised more units.

Since then they haven't had any low-income housing built. There are about six buildings that were built for the people left in that area. I think about 1,000 have been housed in the buildings that were built.

Most of them coming up, now, are middle-income buildings. We need public housing for the people in that area. Instead, the people that are there are being harassed — sent from one ghetto to another. They are forcing the kids to leave school and leave the teacher who has an interest in them, and make them go to another school where they don't know anyone. Therefore they are creating a problem. They stigmatize the people with a thing called P.P., which stands for potential problems.

But the city officials, Federal, state and everybody, are causing this problem. It is not the poor people of that neighborhood, because for years the ones that were left there have been living there. They are not newcomers.

The new buildings are taking the newcomers, the middle-class people. The poor people are being pushed around. They don't have any place to live.

Before the city came in they had decent homes. They didn't have all these rats and things. But since the city came in we are living with rats and with roaches and deterioration of buildings. The floors are all cracked up. We don't have anything to live for now, and you worry about riots.

These are the things that are causing riots. Before, people used to be hungry and you fed them. The Federal Government gave them a bread-line. This cooled everything. But now it is their minds. It is their minds for the simple reason that they are being mistreated. But they can't stand to see their kids being mistreated. They are being pushed around.

They are building new schools, but the kids aren't getting a fair shake out of it.

Now their minds are corrupted, and you might have anything on the West Side. I don't know where you went this morning on the West Side for the tour, but I wish I could have been with you to show you some of the things you need to see, because I am quite sure the person who took you, or the guide that was on the tour, didn't know anything about it.

As far as this meeting goes, there is very few people on the West Side, poor people, that know about it.¹ I wouldn't even have known had I not went into 581 Columbus Avenue to make a complaint about rats and roaches. Then I asked for Mr. Vandergilt. He wasn't there. I asked where he was, and they said he was on a tour.

I wanted to know where he could take them because he doesn't know that much about New York City.

¹ In New York City, as in other cities where hearings were held, news media were given detailed advance notice. Public witnesses were invited. In addition, the Commission individually notified scores of citizen organizations that might be interested in its general purposes or the specific topic of various sessions.

Also, I spoke with some of the city officials. I have spoken with Mr. Nathan. I have spoken with Mr. Washington. I have spoken with Commissioner Booth about discrimination. We have talked about how many ADC [Aid to Dependent Children] mothers are unable to get into public housing. Very few are able to get into public housing.

In most of them, welfare has forced the father out of the home in order for them to get relief. Therefore, you are stigmatized when it comes time to file an application for public housing, because you don't have a husband, and you don't get in. This is not right.

If the poor person decides to have a husband and desires to live decently, I don't think the city official should have a right to say whether the husband should go or not.

The only thing we're interested in on the West Side is in low-income houses, houses that the poor people can afford — not the luxury buildings that are coming up. There are five luxury buildings — I call them luxury because you need to make more than \$7,000 or \$8,000 to live in them.

There are only two more sites that are left now for public housing. One is designated as the site for P.S. 93.

The only home that people on the West Side have for public housing is on 98th Street at Columbus Avenue and Amsterdam Avenue. There is a building called RNA Building. They went so far as to say it shouldn't have any poor people in that area. Next to this building is a site called Site 7. I don't know if that site is designated or not, but the tenants of RNA Building are raising the roof that that shouldn't be a site for public housing.

I don't think it is right, if you have a Model City or pilot area, that all the poor people will be pushed out and the middle-class people come in. You shouldn't say where poor people should live or what should be done with them, because they are not chessmen. It is lives you are playing with. I think they should be given a chance to speak to the staff or to whoever is in charge of this urban problem, speak to them and tell them just what they need.

The surveys in 1952, 1960, and 1962 show that what they really need is large apartments for low-income people. The people of that area, the poor people, will then be able to afford them.

MR. JOHNSON: Thank you very much.

I would like to call on Father Henry J. Brown.

Father Brown: Misconceptions on Housing Poor

FATHER BROWN: I am a Roman Catholic priest, and President of the Strykers Bay Neighborhood Council. I am also interested in the West Side Urban Renewal. I am President of the Strykers Bay Building Corporation, and Project Director of the OEO Training Project.

I am only here because of my appreciation for Senator Douglas. I met him at the *Catholic Worker* in Washington, D.C.

I don't believe in these charades — that is, the matter of talking about

the problems of the city and ignoring the people who are living with the problem.

We have lived with urban renewal very intimately, on a daily basis, since almost, now, 10 years.

I think your meeting is characterized by the fact that you have no pickets. Nobody even cares enough to come and protest that the same old story is being told by the same old people.

But I feel, out of appreciation and great respect which I have had for the Senator over the years, and his record, that it is only right to use every opportunity to sound off, rather than stay home and grouse.

I think certain lessons could be learned from the West Side, and I think Mrs. Little has perhaps said it more eloquently than I ever could, because in 10 years I have become loaded down with the jargon of some of the experts.

There is only one way of housing the poor that we have discovered as a decent way, and that is vest-pocket public housing.

One of the greatest hoaxes being perpetrated, I think, is rent supplements. Mr. Ravitch can tell you better than I that it won't work, at least not in federally done new houses. We tried to apply it to families on the West Side, and if you use the manual, and you try to get 20 percent of \$6,100 maximum gross income pay for rent, you will have families not eating.

We are afraid, also, of leased public housing, as far as it applies to housing the poor with the middle class. It can become another hoax.

As far as I am concerned, rehabilitation of brownstones, of course, except as done by public housing, is another farce, as far as housing the poor is concerned.

I would maintain that rehabilitating five-story walkup old-law tenements in New York City is giving the poor a lot of nonsense. As somebody demonstrated on TV, even "Big John Lindsay" couldn't sleep in a bedroom rehabilitated in one of the instant rehabilitation tenements.

So much of this government by press release and public relations, of course, is what I think made the pie fall from the sky. The promises made to the poor people are unfulfilled, resulting in riots.

The moderate income housing is a shibboleth, of course. Mitchell-Lama was supposed to be our moderate-income program in New York State, the prototype for 221(d)(3).¹ The new ones on the West Side will be renting for \$43 a room.

We started off years ago between \$21 and \$30 a room. Just to see if it could be done, a group of us organized, and thanks to people like Mr. Ravitch, who had faith and patience with us, we did do a \$22 room Mitchell-Lama cooperative, fighting all the way. The gutless bureaucrats didn't want to see it done, because across the street, under the same program, you have something approaching \$30 a room.

We want to try a cooperative under the 221(d)(3) program. But I am sure that unless administrative changes are made in rent supplements, and unless there is an allowance by welfare to own an apartment, and

¹ See footnote, page 22.

many other administrative steps are taken, this is another pie-in-the-sky phenomenon.

I think, as Mrs. Little has demonstrated, the great emphasis on open occupancy and integration, the fight against public housing on the corner of 96th Street and Amsterdam, is being led by an integrated co-op, who integrated their building by putting 20 percent skewed rentals, which was the great device to get people into integrated housing, but which put them on the first two floors. This includes professional civil rights leaders, professional poverty workers, social workers, teachers. These are now fighting against having a piece of public housing, using the same old lines of 10 and 15 years ago about garbage.

I think this is an indication of the moral shape of our country.

Having been close to urban renewal, I am not interested in the promise of the Model Cities Program. I hear it described by a fellow-cleric from Boston who lived through the Model Cities there. It all sounds very familiar, because we went through the citizens' participation in urban renewal 10 years ago. It just doesn't make that much difference for a new administration to come up with a new title.

Urban renewal with slum clearance was a sort of guided bulldozer, avoiding the houses of the well-off. Maximum feasible participation of the poor, as in OEO programs, has to be caught up to by housing programs.

I recommend for your consideration a resolution passed a couple of weeks ago in San Francisco by the Commission on Human Rights of that city which, unlike our own, claims they have no jurisdiction over economic discrimination — which I maintain is about the only discrimination left in our society. This resolution calls for a kind of non-relocation renewal — the kind of thing which we have done on the West Side — to the tune of almost 1,100 families, which will go to at least 1,500 or 1,600 families in the next couple of years by constant pressure.

I would submit for your study the other urban renewal projects in the City of New York — Bellevue South; Seward Park Extension, where people are being kicked, harassed out, conned out, with the same techniques of the old days of slum clearance.

What happened on the West Side happened because we had an interested and involved and dedicated middle-class poor-oriented group of people.

We now have the poor speaking for themselves, and thank God, they may begin to throw rocks at me for not speaking as strongly as they do.

The first administrator of the housing program to walk the streets of our West Side was Walter Washington. He walked it with the residents themselves and listened to them. I think this is significant. I think it is significant that very few of our middle-class leaders, with the exception of our Congressman, Congressman Ryan, have taken the time out to find out what the administrators do to our lovely laws. The purpose of the laws are completely frustrated by people who are hangovers.

The emphasis today on the part of the FHA technocrats, with their attitude of the McKinley era about Negro families moving in next to

white families, is that this was a mortgage risk. This is true of what has happened down the line.

We have been involved in everything, including the appraisal of land.

To come up with rental objectives with a moderate, middle-income price I think demands constant vigilance on the part of lawmakers and administrators as to what is happening.

Frustration of laws is being done by the bureaucrats. I wish you would take the word home to President Johnson that he might skip one weekend on the ranch and spend it on the range — come up to the city. There is nothing like the smell of a slum, and talking to people on the corners, and moving around a little bit, as Senator Kennedy did in our district a couple of weeks ago. He wasn't there long enough, of course.

We don't want politicians coming in only for votes. We want them to come in and find out what it is, because they won't get it from the reports of the people under them. They won't get it, I'm afraid, even from the titled experts whom I am afraid I am joining as a group.

Mr. Scott: Mental Renewal Important

MR. SCOTT: My name is Michael Scott. I am a civic leader in Brooklyn, and Past President of the Sheepshead Bay Civic and Community Council.

It is difficult following the preceding speaker, because how do you top an act like that, as they say?

Senator Douglas, Members of the Commission: During these hearings many fine proposals for solving urban problems will be put on the table. I do not claim any particular expertise in urban renewal or housing, but I have a close acquaintance with an important associated problem — the development of community understanding and support. I would like to address myself to mental renewal as associated with urban renewal. As we search for solutions and priorities, we should, perhaps, turn our attention to the fulcrum upon which success would turn — a massive program of information and education.

The reaction of the white community to even the most minimal undertaking is incredible. Pious words and evil acts are separated by a gulf of hypocrisy. Emotion, myth, fear, hysteria, and fairytales have given the demagogues a field day, so that even the most well-intentioned are caught up in the torrent.

It is time to undertake a massive program to destroy a key myth — the myth of declining property values. No one stands to gain from this myth except the real estate speculator. For example, in some parts of East Flatbush — and perhaps elsewhere, too — real estate agents have begun to refuse to handle the sale of houses for white owners who want to sell because the neighborhood is becoming mixed. Blockbusting is illegal, and agents can no longer knock on doors with scare tactics, so they have invented a new gimmick. When a white owner wants to sell, the agent will offer to buy the house outright instead of handling the sale. Of course, he'll buy at perhaps 20 percent below the market value.

So the property value has gone down — or so it seems. But the next day the agent will sell the same house to a Negro family at 20 percent above the market value; the property value has, in fact, increased.

Just this morning, in the *New York Times*, there is a story about Durham, North Carolina — not a northern city — where it says, here, "Integration came today to a formerly all-white residential section here. White neighbors remained inside, drapes drawn, and many refused to answer the door while about 50 Negro families moved in next door."

Further down is a further quote, "On white resident of the area, who identified herself as a hospital physician's wife, said that her talks with neighbors indicated they were 'concerned about the property values.'"

I am amused by the fact that she said that her talk with her neighbors indicated this.

How can we show the white homeowner that he is robbing himself when he insists on sticking to discredited notions. How can we show him that the myth becomes a self-fulfilling prophecy only when he sells cheap. Isn't it time to undertake an intensive campaign to protect the white owner from his own folly? Incredible roadblocks will stand in the way of any progress until this is done.

Here is a specific example: In my own neighborhood of Brooklyn, where I have been active in civic affairs for many years, the city is currently proposing a small, vest-pocket public housing development for 650 families spread out over seven or eight blocks along Sheepshead Bay, which is an overwhelmingly white community now.

The people in the neighborhood have found a million and one public reasons for opposing it. Parking, hospitals, transportation, the future of the fishing fleet — all these are cited now, although they were never raised when private housing of much greater magnitude went up in the area during the past few years. Those are the public reasons. The private reasons are much simpler. People have told me that they don't want Negroes in the area because "it will depreciate property values." I do not doubt that many good people have convinced themselves of the "truth" of this so-called danger. But Mark Twain described the condition much better than I can.

"We have two opinions," he wrote, "one private, which we are afraid to express; and another one — the one we use — which we force ourselves to please Mrs. Grundy, until habit makes us so comfortable in it, and the custom of defending it presently makes us love it, adore it, and forget how pitifully we came by it."

The question which is often lost in the hysteria is this: Will the open city, which is bound to come, arrive under a blanket of bitterness, suspicion and hate? Or will it arrive with the fresh air of understanding and acceptance? It will come, either way.

Fortunately, in our community we have been able to maintain some means of communication, and perhaps this can serve as a model for much greater effort. Tomorrow evening, for example, the Sheepshead Bay Civic and Community Council, comprised of 50 area organizations, churches, synagogues, parents associations, Lions, Kiwanis

and other groups, holds a town meeting at P. S. 206 in Brooklyn where all the viewpoints will be aired.

I might say very cordially you are all invited to come to this meeting at P. S. 206, and see the viewpoints of the various people, and the various interests in the community. I hope you can join us tomorrow evening.

This is a small step, to be sure, considering the Goliath size of the problem. But it is a necessary step to reduce the acrimony and repair the animosity. This meeting, and all the community heartache which preceded it, might not even have been necessary had there been an effective, large-scale information process at work previously. Community workers trained in this specific problem are needed in every neighborhood. Teams of experts, literature, movies, slides, sermons, newspaper articles — these are essential prerequisites on a scale much larger than heretofore. It may cost money, but the expense is a pittance when compared to the cost of dissension.

I do not suggest that such a program take precedence. We must come up with workable ideas now. But side by side we must break down the barriers that are put up to prevent urban improvements. I would hope that this Commission can recommend a massive program of mental renewal so that the program of urban renewal need not stumble and falter.

MR. JOHNSON: Thank you very much. I think we can entertain one more presentation before we have to break for lunch, after which we will have one speaker in the early part of the afternoon. Then we will carry on with the list of those who have not been heard this morning.

I would like to call on Mr. Stanley Rosenthal.

Mr. Rosenthal: Ownership System for the Poor

MR. ROSENTHAL: By profession I am a planner. By vocation I am a manufacturer of prefabricated homes.

I would like to address myself to neither of my primary subjects, but to a dichotomy in existing Federal legislation regarding subsidized housing.

The Federal housing policy has traditionally differed in respect to the recipients. Rural and suburban homeownership was forced through VA and FHA guaranteed mortgages. As a result, an institution of homeownership flourished through the use of Federal guarantees of low interest rates and low or no downpayments.

The instrument of the federally guaranteed home mortgage was not as readily adaptable to urban use. For one thing, limits on the amount of mortgage restricted their acceptance in high land cost and high construction cost areas. This generally fits the description of urban centers. For the same reasons urban centers are not conducive to the horizontal rule characteristic of our suburban areas.

Since urban building economics required the vertical growth, high-rise rental apartments came to be the form in our cities. Tenancy became the fate of the urban dweller.

Federal appropriations stratified this cleavage by funneling moneys through various agencies, be it PHA [Public Housing Administration], FNMA [Federal National Mortgage Association], or VA [Veterans' Administration], in support of programs fostering rural and suburban ownership and urban tenancy.

I will not dwell heavily on the pros and cons of tenancy as opposed to ownership, except to say that up until now the low-income urban inhabitant has had no choice. He is bound to the city by the nature of the job that he can perform. His low income does not permit him the luxury of commuting.

We are also aware that a large percentage of these people are of a minority group. There is little wonder that homeownership appears least within these groups.

Perhaps five years ago a plea for urban ownership by any economic group would have been met with laughter. But mortgage conveyances and state enabling legislation have brought the form of ownership known as condominiums.

This permits the ownership of an apartment unit in much the same manner as a house, in an urban center, at the lowest possible cost. Popular use of condominiums in Florida and Puerto Rico has given rise to their growth throughout the country.

My proposal is that the Federal housing programs include a program for equity accumulation, something that is not present at this time. It should promote the condominium form in low- and middle-income housing. Middle-income families move from the city, and a good reason is because homeownership is permitted in the suburbs and not in the urban areas. I would propose that there be middle-income and low-income projects. FHA recognizes condominiums in one form — Section 234 — which permits condominium apartments.

There is also a recognition of homeownership for the poor in Section 221(h), but it is a stifling condition. Under this provision the poor may have the conveyances of mortgages only so long as the property has been rehabilitated. This puts a tremendous pressure on the sponsor.

Number one, he must put in a rehabilitated project, and number two, it must be of a certain type, such as row housing.

I maintain that public housing bodies should be permitted to construct low- and middle-income condominium units. The value of ownership is great. Benefits such as price have been pointed out by other speakers. There is also great respect for property.

There is much talk of economic aid to the Negro in low-income areas. Current surveys show that among low-income groups the highest proportion of personal wealth is found in the equity of their homes. These moneys have thus far been denied to the urban poor, of whom a great percentage are of minority groups.

The Housing Act of 1965, while expanding the programs of suburban and rural ownership, expressly prohibits the accumulation of equity by the urban tenant as applied to co-ops in the rent supplement program. This must be changed.

I believe that the advocacy of a program of ownership is not only feasible now, but desirable. It is time that the urban resident shared in the real estate market that has seen values double in 20 years.

It is a means through which economic aid could reach minority groups and at the same time check the growth of public housing projects as we know them now.

If left unchecked, public housing in its present form could grow and further strangle the city's growth.

Thank you.

MR. JOHNSON: Thank you very much, sir. At this time we will adjourn the meeting until 2 o'clock at this same place.

(Adjournment.)

*Auditorium, Intermediate
School No. 201
New York, New York
Afternoon, September 6, 1967*

MR. JOHNSON: Can we now take our seats? At this afternoon's session we were scheduled to have presentations by The Reverend Norman Eddy, who is with us, and by Mr. Walter Washington, who is unable to make it today because of another commitment.

We would like to hear first from Mr. Eddy. Following that we will have questions from the Commission. Then we will try to pick up where we left off this morning with comments from those who are present who want to make presentations to us.

We hope to break a little bit later, to hear Senator Robert F. Kennedy, and after that, there being time, we will continue with our list of persons who want to make five-minute presentations.

We have just received an announcement that Mr. Walter Washington has been named Mayor of Washington, D. C. [Applause]

Our speaker this afternoon is The Reverend Norman Eddy. Mr. Eddy is a clergyman of the United Church of Christ, who has worked in the East Harlem area since 1949. He is now working for the New York City Mission Society, with the Metro North Citizens' Committee in East Harlem. Reverend Eddy will talk to us this afternoon about housing problems of the poor in a community that is attempting to rehabilitate itself.

STATEMENT BY REV. NORMAN EDDY

Metro-North: New York Neighborhood Hope

MR. EDDY: Thank you. Mr. Chairman, and members of the panel: You should not be asking me to speak, but should be asking the lead-

ers of the Metro North community. I would like to ask a few of them who are present to stand, if they will.

Perhaps at the time of your questions you will be wanting to address some of your questions to them, as they have more expertise in many areas than I have.

During the minor riots in East Harlem in July, a group split off from the mob surging down Third Avenue and headed for East 100th Street, between First and Second Avenues. They were bent on destruction. As they approached, a barricade of men formed at the Second Avenue entrance to the block. Scores of other men stood behind them on the street and sidewalk. These local leaders told the band of rioters to get out, "Don't come down our block." After a moment's hesitation and a quick glance at the men opposing them, they turned and fled. The block remained unscathed.

Behind this minor incident in the dramatic panorama of looting, burning, and killing in American cities this summer lies the history of a poor neighborhood called Metro North, which has been determined to rebuild itself physically and spiritually under its own leadership and with its own plans, developing its own power to get them executed.

The Metro North community takes its name from Metropolitan Hospital. It covers roughly 30 blocks, from 96th Street to 106th Street, from Third Avenue to the East River. The population is about 25,000. Approximately half live in low-income public housing, and the rest in tenements built between 1880 and 1910. A tight-knit, though dwindling Italian community dates from the First World War. The first of the much larger Puerto Rican group began to arrive in the 1920s. Although there have always been Negro families here, the bulk of them began to come after 1940. Then there is a smattering of many other ethnic, racial, and religious groups — remnants of those who moved out.

We who live here and who are proud of our neighborhood have to admit that the narcotics traffic is heavy, the burglaries are frequent, the schools are inferior, the housing is bad, the job opportunities are limited, and the incomes are low. We have all the ills of the poor neighborhoods in the United States.

Doomed by Banks and Unfulfilled Plans

They said that there was no hope in our neighborhood. Near its center is East 100th Street, the block falsely called "the worst" by the press and TV for the past 15 years. There has been rapid decline, but there have been two little-known reasons for it. One is that the banks of New York set a policy [known in some areas as red lining] in the early 1940s of not giving mortgages on buildings in neighborhoods like East Harlem. The other is that the New York City Housing Authority in 1953 designated the heart of Metro North for public housing. This has come to be known locally as the Dooming Designation, for it was neither carried out nor rescinded for over 11 years. Therefore, land-

lords have had neither the incentive nor the money to improve their buildings; hence they have run down steadily.

Since one of the main interests of this Commission is in housing for the poor, let me first summarize the facts about Metro North today, and the plans for new construction which are definitely scheduled. Then I will summarize the much more important developments in human renewal related to housing in Metro North which underlie and give meaning to all new construction.

Our contribution to your study will not be to give you new plans, but will be to show what can be done immediately for our cities with existing resources if they are properly marshaled and then are properly supported by government in a series of well-defined neighborhoods, and vastly expanded.

Our Metro North housing today is almost equally divided between public and private. Our four public housing projects supply dwellings for approximately 12,600 people. The tenements, which were built between 1880 and 1910, now number 223, occupied. These house approximately 12,700 people. Most of these structures are in sorry condition and need to be rehabilitated or destroyed.

The public housing includes the East River Houses, completed in 1941 and in good condition; George Washington Houses, completed in 1956; the Wilson Houses, completed in 1960, and the Gaylord White houses, completed in 1964, and built especially for the elderly Negroes, Puerto Ricans, Italians and others of our community.

The private housing includes a block of tenements on 104th Street owned and occupied by neighborhood landlords and friends from the Italian community. These are well kept. Union Settlement runs a good apartment house for 48 families, which is currently being rehabilitated.

Almost all the people in public and private housing have low to moderate incomes.

Construction in process or definitely planned includes:

1. Rehabilitation: Five tenements are being rehabilitated by the Metro North Housing Society on East 100th Street, and 12 more, on 102nd and 103rd Streets, by U. S. Gypsum from Chicago. When completed, the locally based Metro North Housing Society will own and run them all. There will be a total of 383 dwelling units. These will provide housing for all former residents who want to stay, including both the elderly and the large families for whom special apartments have been built. The cost for rehabilitation per building averages \$300,000. The total cost per apartment ranges from \$10,000 to \$15,000, as contrasted with about \$22,000 for new apartments in New York City.

All are financed under Section 22(d)(3)¹ of the Federal housing law with a 3 percent mortgage.

Rents formerly averaged about \$35 per apartment. New rents will average about \$85 per apartment, depending on size. In the 170 apartments currently occupied, 14 percent of the families are receiving rent supplements under the experimental section of the 1966 Rent Supple-

¹ See footnote, page 22.

ment Law. Forty-three families, or about 25 percent, are on welfare. Sixty-one percent are paying the full rent.

The apartment layouts and sizes were planned by the tenants in residence. The bulk of the relocation was done under the direction of tenant leaders, in cooperation with management and city government.

2. Public housing: This will be small and experimental. New, small, federally aided public housing is under way on an urban renewal site of about two-and-a-half acres. There will be three buildings, planned to fit in with the neighborhood. They will be 7, 8 and 11 stories high. This is low for New York City, although not low enough. There will be a wide variety of apartment sizes to accommodate both the elderly and large families. There will be a total of 275 units. Rents will probably be about \$14 a room. Work should be completed in 1969.

This public housing was planned by Metro North citizens, including site residents, in cooperation with the New York City Housing Authority and its architect. They achieved lower buildings, apartments for large families, a design and landscaping to blend in with the neighborhood, and amenities to fit the community's desires.

3. Middle-income housing: This is planned under New York's Educational Construction Fund, to be built over the new P. S. 50 on the East River. There will be 360 dwelling units. Part of the reason for having middle-income houses is to keep in the Metro North community leaders whose incomes increase and who want to stay.

The Metro North Housing Society will be the sponsor, under Section 221(d)(3).

In all, this means 1,066 dwelling units for the Metro North neighborhood, in the near future. This is only the first step.

4. Other construction completed, under way or definitely planned in this decade includes: (a) the new Union Settlement Building (1964); (b) the new building for Church of the Resurrection (1965); (c) Exodus House, a new rehabilitation center for narcotic addicts (1967); and (d) a network of small parks, including a central plaza (1965-1969).

The Metro North community is now making its plans for the next phase in the physical development of the neighborhood. The physical developments completed and planned for the future in Metro North are the result of an intricate network of cooperation which has made this amount of progress possible. The fundamental and indispensable ingredient has been the determination of the people and the local institutions of the clearly defined Metro North area to make their own plans and to help execute them, as equal partners with government, industry, and other outside resources.

Three groups have generated the effective power to do this:

1. The Metro North Association, which is the planning group for the neighborhood. It is open to all groups and to all citizens of Metro North. It was recognized by Mayor Robert F. Wagner as the community spokesman at a meeting with him in June, 1964. At this time

he accepted two working principles which have guided relationships between Metro North and the City until recently.

Keys to Citizen Control

We see there have been certain elements that have been absolutely essential to our growth, and we have tried to analyze them for the benefit of the panel, here, to see if they may be duplicated elsewhere. These two principles are novel, and indispensable if you want to give power to local community groups:

One was that all planning would normally begin in the community, and would be carried out in cooperation with the City. The other was that the City would do nothing in Metro North without consulting the community.

2. The Metro North Housing Society, made up of St. Lucy's Roman Catholic Church, The Church of the Resurrection of the East Harlem Protestant Parish, Union Settlement, and the Kate Maremont Foundation of Chicago. It has provided the technical know-how in negotiating with the City and Federal Government about rehabilitation. It has provided the funds for the architect and city planner for the community. It manages the buildings. It has raised the seed money which has helped make much of the work possible.

3. The Metro North Citizens' Committee, a voluntary, self-supporting local citizens' group founded in 1963. It helps tenants to organize themselves to get basic services from the landlords. And there are landlords we have been having difficulty with. It cooperates with the Metro North Association in making and executing plans for rebuilding. It spots many of the human problems connected with the rebuilding of the community, and devises programs to help deal with them.

For instance, out of the Metro North Citizens' Committee developed a Metro North Relocation Program, run by local Puerto Rican and Negro citizens. In a novel experiment in cooperation, the Relocation Program, the Citizens' Committee, and the New York City Department of Relocation have moved over 1,000 families in the past two years, with sensitivity and care for each individual and his rights. The Relocation Program is financed by an OEO Demonstration grant from Washington.

A Puerto Rican youth worker developed the Metro North Conservatives Community Project in 1965. This has given over 225 of Metro North's own youth a chance to help their neighborhood through any one of 19 agencies where they have worked. Almost all have gone on to better jobs or to more education. It is financed jointly by OEO and the Neighborhood Youth Corps.

This summer, Metro North started the Metro North Citizens' Committee Adult Opportunity Employment Project for 10 weeks, under the direction of a young Puerto Rican wife and mother. It has placed 51 percent of the 399 people who have applied for jobs.

The Metro North Sub-Community of MEND, one of East Harlem's major anti-poverty programs, provides staff and cooperation both in

helping with housing problems and in planning. Its supervisor is a local Negro lady.

You see, throughout Metro North new ideas keep springing up. More and more residents get involved. A Metro North Schools Committee, a mental health group, the East Harlem Neighborhood Study Club, remedial reading, extensive recreational programs, a plan for consumer and tenant education — all are growing, and with them come new local leaders.

4. Other essential factors:

Besides Metro North's local leadership, the experiment owes its success to the personal commitment of Mayor Wagner, and all his commissioners, to getting a coordinated job done in a clearly defined neighborhood. Mayor Lindsay has not firmly reestablished this policy. We have requested a meeting with him, because recently the coordination of planning for people and planning for buildings has broken down. Experience has shown that commitment by the Mayor to careful coordination within the Metro North boundaries is essential to growth and continued success. We hope that our meeting with him will resolve these serious difficulties; otherwise Metro North's whole future will be in jeopardy.

Under the direction of Mayor Wagner and his imaginative commissioners, there developed a very complicated teamwork between the community and the Department of Rent and Rehabilitation, the Housing and Redevelopment Board, the New York City Housing Authority, the Department of Relocation, the Department of Welfare, the Department of Buildings, and Mayor Wagner's anti-poverty program. Besides these, there have been the regional office of the FHA, the private foundations, the housing office of the Archdiocese of New York, and help and advice from many interested and knowledgeable friends.

You may see more things in this and be more critical, but we see certain things to be passed on.

What can be learned from the Metro North experiment?

Metro North today is no golden city of the future. If you were to walk down East 101st Street you would see scores of unemployed, purposeless men. You could talk with a tenant whose apartment was burglarized last night, and with a store owner whose business had been robbed last week. Theft goes on with numbing regularity. At 411 East 100th Street you could see the valiant efforts being made by tenants to keep their family life going in a building which the landlord has all but abandoned. Metro North, like many other communities, contains all of the silent tragedies and injustices of all of America's urban poor.

First Resource: People Themselves

Yet Metro North has shown physical and human progress. It shows concretely what can be accomplished in America today if the right resources are brought together at the right time, in the right way, and in a clearly defined place. Metro North offers no grand plan for the

elimination of the slums. It does give an example of what can be done right now in American cities. The grand plans are badly needed, but while our urban poor suffer with ever increasing impatience, waiting for them to be developed, Metro North shows that it is possible to get on with the job at once.

The first resource is the people themselves. Practical respect for people's abilities, their drive, and their capacity to learn — by government, by industry, and by private institutions is the *sine qua non* of any efforts to rebuild America's cities.

As we work and live and think here in our ghetto areas, we realize that it is very hard for the average American, living a middle-class life, to hear what the oppressed of our country are saying. Yet a half-day visit of the Puerto Rican and Negro leaders of Metro North to New Haven last year told them what Mayor Lee has apparently not yet learned. It was clear to them that the poor, the Negroes, the minorities of New Haven had no power to plan their own futures, and no rights in working for their own homes and neighborhoods. The New Haven riots came as no surprise to Metro North.

The renown of the U. S. Gypsum rehabilitation is another example of middle-class America not listening to the people and their power. It does not detract one whit from U. S. Gypsum's leadership to admit the truth. The tenants of those buildings could have stopped the program at any time, with the backing of the Metro North Citizen's Committee and the Metro North Housing Society. It was the volunteer work of tenant leaders, the creative opposition of Metro North, and the cautious but sincere cooperation, especially in relocation, that made Gypsum's experiment a success. It was tenant leaders who stood off both U. S. Gypsum and, for a time, the City of New York in successfully insisting that there be large apartments for the oldtime residents with large families.

Franz Fanon,¹ in that indispensable book, *The Wretched of the Earth*, which must be read by anyone trying seriously to understand what is happening in America's cities, says, "In an under-developed country, experience proves that the important thing is . . . that the whole people plan and decide, even if it takes them twice or three times as long. The fact is that the time taken up by explaining, the time 'lost' in treating the worker as a human being, will be caught up in the execution of the plan. People must know where they are going, and why."

The Other Resource: Coordination

The second resource is more difficult to define. It is the capacity to coordinate the intricate pieces of organizations which have developed in modern United States, and particularly in its cities. Industrial and financial institutions, both the political and bureaucratic functions of government, the skills and resources of the private charitable, educa-

¹ Fanon, Franz, *The Wretched of the Earth* (New York: Evergreen Press, 1965).

tional, and religious organizations — all must be interrelated with the plans and desires of the people and their leaders. This has been started in Metro North within well-defined geographical boundaries. It can be developed and perfected here and elsewhere.

The third resource lies somewhere in the huge, creaking machinery of American government. It has not been discovered yet. It should be a primary assignment of this Commission to find it. Somehow, government must develop the capacity to discover, encourage, support, and coordinate just those undertakings in the rebuilding of cities which have been shown to work successfully.

The truth is that the opposite happens. We have all seen it. Our collective governments and their agencies have perfected a most un-American art of destroying exactly those experiments which work. The history of Metro North is full of examples; here are some:

1. Metro North has shown that it is a neighborhood, and that its citizens can design and carry out complicated, worthwhile programs of self-help through building organizations, relocation programs, youth work and employment offices; that it can then correlate these programs with government, private industry and local institutions. Yet with uncanny, suicidal logic the Lindsay Administration, through the Human Resources Administration and the Council Against Poverty, has just decreed that the Metro North neighborhood cannot elect its own representatives to its own local East Harlem anti-poverty corporation. The whole concept of neighborhood planning is thus undercut. If this decision is not rescinded, what we are doing may be crippled.

2. Metro North has become a testing-ground for the new rent supplement program. It has been working well here. Plans for low-income families throughout East Harlem have been based on it. Now, as is well-known, Congress seems bent on killing it for the future, and with it many of the hopes of poor neighborhoods across the Nation. Yet no one from the appropriate Congressional committee has tried to find out how well it works here.

3. The Metro North Housing Society, a nonprofit group, has been able to help rehabilitate houses because of the existing 3 percent below market mortgage under Section 221(d)(3). As a nonprofit group, it has not had to invest any money of its own. Thanks to this wise provision, 383 dwelling units are being successfully improved here, and many more are planned.

We heard just last week that by the same inexorable suicidal logic that shows up throughout our government, the Senate is attaching to its resurrected Rent Supplement Bill a provision that even nonprofit groups will be required to put up at least 5 percent equity. This will soon finish the participation of nonprofit groups in housing for the poor.

We have not found government bodies that plan for buildings and people simultaneously and together. Construction is seen as one goal, with all its attendant problems. People and their development in the neighborhoods where housing for them is being built are seen as entirely separate. This is not true. Today in particular, there can be no

new construction or rehabilitation unless the residents are a part of the plan. Few people in government appear to know this. The Human Resources Administration and the Housing Development Administration in New York City do not appear to talk to each other about this, even though their work is intertwined in the housing and human problems of New York. In fact, one arm of government is killing the programs another arm needs.

“Think Small” May Give the Answer

The resolution of this tendency to destroy what has proven good may lie in government's developing the capacity to think small. If this Commission could study in depth a number of small, successful neighborhood experiments like Metro North throughout the country, it might discover what must be done to improve and to reproduce them. It could see with precision the kinds of built-in constrictions which throttle the action of government agencies, of industry, of financial institutions, of private agencies and churches, and most important, the people. It would discover a new form of urban democracy and the great potential within it.

In summary, we from Metro North can speak only about what we know has in part succeeded here. While we favor many of the vast plans being proposed — particularly those which will help Negroes and Puerto Ricans and other minorities to get jobs in the construction trades — we would rather speak from our own experience. We therefore challenge you to think small in order to bring big changes both in values and in work accomplished in a massive way in American cities.

Specifically, we recommend the following:

1. Give power and training to the people themselves so that they can have a share in planning and working out their own future. Reward cooperation. Do not penalize it in favor of those who use violence.
2. Lay down the rule for all concerned that neighborhood boundaries must be kept clear and firm and must be respected by all, so that coordination of the activities of all the forces and interests with a contribution to make to the rebuilding of the different poor neighborhoods of our cities can go on. Particularly, coordinate the planning for people with the planning for buildings.
3. Build on what has already proved to be successful. Study it; improve it. Multiply it. Eliminate modern government's blind, suicidal tendency to destroy what has proven to be good.

Metro North's future right now is unclear. It depends upon decisions to be made by Mayor Lindsay and his administrators, especially the heads of the Housing Development Administration and the Human Resources Administration. We hope that they will be able to work and to plan with each other and with Metro North. It is one of the bitterest ironies of urban America today that local communities which develop democratic programs which are constructive and which are helping to

eliminate the underlying causes of riots receive the least cooperation from government.

MR. JOHNSON: Thank you very much, Reverend Eddy. At this time, rather than follow the procedure of the morning — going through the Commission members one by one — I think I would like to have them address questions at will to Reverend Eddy and any of his group who came up with him today from Metro North.

QUESTIONS BY COMMISSION MEMBERS

Where Is the Community?

MR. RAVITCH: *Reverend Eddy, I think it is fair to say that the Commission has heard views somewhat similar to yours in many cities that we have visited.*

I would be very interested in how you would define a community group. We have seen instances where many people have allegedly spoken for the same community. I know, because I have some familiarity with the situation in East Harlem. I have been through yours particularly, with respect to the anti-poverty agency designated a couple of years ago.

How would you define a community group? You have no process through institutional procedures for electing leaders. How do you define it? And how can you say to the constituted public officials with assurance that these people, these leaders, are in fact representatives of the total community, however it may be defined?

MR. EDDY: That is a very fair and very important question. It would take a lecture on urban sociology to give an honest answer.

Let me come at it this way, that, number one, there are certain natural groupings in most cities. There are other areas that are tremendously transitional or very divided.

Let us build on those that are self-defining already. If it is possible for government to decide that here is a natural community, and lay down its boundaries, and say, "We are now going to work and cooperate with the groups and agencies and people within those boundaries," then you can go ahead.

You ask a very important question — how do you keep this community of 25,000 from falling into the hands of a little clique — which I take it is what you're talking about.

This is where the anti-poverty programs and the election processes can be of great benefit. If friendly outsiders from related communities from time to time carry on elections to a larger body, such as the Community Corporation in New York, and work to get new people who haven't been participating to take part in these elections, and to get new people elected, this will shake up whatever power structure has taken over, which may be becoming an oligarchy. This is not easy, but it is a thing that can be done.

Another thought that we have had is that the government can come in, as they have apparently in the Milbank-Frawley Circle area, and define some boundaries in a kind of no-man's land.

If they would say to the people within those boundaries, "All right, we give you a year to come up with a unified plan, and get as much participation as possible. At the end of that time, if you haven't got anything, we will have to come in with plans of our own." — but be definite and clear about its boundaries — then you would begin to get the community reaction and participation.

MR. RAVITCH: *Isn't it true, though — and correct me if my facts are wrong — that several years ago you had a kind of community organization that you described favorably, called MEND, and that this organization was on the verge of getting a substantial grant from the City or from OEO directly, and that divisive voices in the very same community — if it is defined on a geographical basis — contributed rather substantially to the political indecision that resulted in no grant?*

I am not going to get involved in the intricacies of the politics of East Harlem.

MR. EDDY: Yes, this is a very acute problem, and I'm not going to say any more.

MR. RAVITCH: *I wasn't interested in the particulars of that battle. But how is community defined? Then I would ask: is it geographic, is it by race, is it by economic status? What is it? What do you mean when you talk about a community?*

MR. EDDY: This is perfectly reasonable. Community can be defined as the old Italian community, or as the Pentecostal Community, or as the geographical community, or in any one of a hundred ways.

But what we are talking about is taking geographical neighborhoods that are viable. I mean something between 20,000 and 35,000 people, where people can get to know each other face to face, and by consensus or otherwise with the existing power structure, divide up a community and then deal with the units that have been created. It is never going to be completely democratic. That is the geographic unit.

MR. O'NEILL: *Reverend Eddy, are there any other community or neighborhood bodies that have done work similar to yours in the low-income areas of New York City, in Bedford-Stuyvesant, and so forth?*

MR. EDDY: The East Harlem Triangle has in many ways broken the path for us, and we have learned a lot from them. They are going ahead with many similar programs.

I do not know of any place where there has been such a comprehensive interlocking of planning for and with people, and for and with a variety of construction.

MR. DEGROVE: *Could I have a little more data, Reverend, on the cost of your 221(d)(3), the new unit? You mentioned something about \$85 a month, depending on the size of the unit.*

MR. EDDY: Yes. For instance, on East 100th Street, the one-bedroom apartments are coming in at about \$65, and we know there is one four-bedroom apartment that will be \$107.

It varies so from apartment to apartment that I couldn't generalize more than that. Is that the kind of information — ?

MR. DEGROVE: *Was there urban renewal write-down?*

MR. EDDY: No, the only urban renewal is on the site of the public housing construction. These buildings were bought on the open market.

Architects and Community

MRS. SMITH: *I am an architect, and the question is, buildings for people and people for buildings. But have you any specific and very important experience in working with architects, designers, and planners that you feel is more meaningful than before you had this community organization?*

MR. EDDY: I am not absolutely sure I get the import of the question. But, for instance, the question of the size of the apartments was finally determined by the tenants, so that the people of the neighborhood could move back to larger apartments for their families.

MRS. SMITH: *What was the experience with specific relation to the whole design process.*

MR. EDDY: I have a better example, maybe, in our dealings with the New York State Housing Authority.

MRS. SMITH: *No, I mean the people in the community.*

MR. EDDY: Yes, there was a committee of what we call project site tenants — men and women from the community — who met perhaps a dozen times with people from the New York City Housing Authority and their architects, and community architects.

MRS. SMITH: *Who is the community architect and how did he work?*

MR. EDDY: This was Mr. William Conklin. He has played an absolutely fundamental role in our intricate pattern of cooperation.

Mr. Conklin is an architect who is dedicated to working with people from communities. He has taken the ideas of the people of Metro North from various public hearings and private meetings, and has translated them, first, into a plan for the whole neighborhood, which in turn was brought back to the community for a big meeting, and was approved with voted modifications by the community.

Then, in turn, whether it is a park or whether it is public housing, or whatever it may be, there is the constant give-and-take between the architect with his expertise and the community and its desires. Compromises are worked out in the light of financial and architectural and construction realities. Does this answer your question?

MRS. SMITH: *That is part of the answer. I ask this because there is a deep criticism, always, of the design profession. I was very interested in whether you really feel that design is important.*

MR. EDDY: We feel this is very important.

MR. BLACK: *Reverend Eddy, what is the percentage of participation of people in the community?*

MR. EDDY: That is a fair question, and a difficult one to answer.

We have about 350 or 400 members of the Metro North Citizens' Committee. The population is 25,000 in the neighborhood. Of these, perhaps 60 are very, very active.

On the other hand, out of the programs that have begun to spin off — relocation, youth, and the rest — we are reaching perhaps 2,000 or 3,000 people, again, out of 25,000.

Our aim is to get total participation, but we don't ever expect to get it. We think we have a fairly high percentage for a neighborhood like ours, but we are not in the least satisfied with this.

MR. BLACK: *Do you have regular meetings?*

MR. EDDY: We are a community, and there are meetings going on all the time.

The Metro North Association has meetings from time to time around specific issues. It has representatives from 34 organizations in the community, and any citizen who wants to come is welcome. Our meetings vary from a handful to as many as 500.

MR. BLACK: *Who coordinates these various spin-off committees, as you call them?*

MR. EDDY: It seems that my role is becoming more and more that of coordinator. Various directors of the programs have emerged — Puerto Rican and Negro and, occasionally, Italian leadership. They are taking over in the planning, raising money, supervision of personnel and carrying out of programs, and more and more I am becoming the coordinator.

MR. BLACK: *Thank you.*

MR. DAVIS: *I am quite well acquainted with Metro North through Mr. Conklin, your architect, and I have heard so much about your group and the work that you yourself have done.*

In order to facilitate future Metro Norths, what would you add to or subtract, from existing governmental structures?

MR. EDDY: I would really have to think that one over. I think that this is a very simple answer, and is not as detailed as it should be:

If the concept of the project coordinator, the project manager, the project director, emanating from Mr. Nathan's HDA office, could be expanded so that this man represented both the human and the building side of things, it would be a great gain. This would bring about the kind of coordination that we so sadly lack in our Metro North, and which is really beginning to affect us quite seriously.

Of course, the next thing is money, which isn't necessarily a government organization.

It would be very good also if we had somebody, either private or public, sitting in with Metro North from beginning to end, simply spotting bottlenecks and having the direct ear of the Mayor and other people, commissions like yours, and people in Washington, who would point out what these bottlenecks are, because undoubtedly more of our time is spent dealing with totally unnecessary bottlenecks than doing the actual work. We need a troubleshooter, an expeditor — not simply somebody to get the work done, but actually to find out what the bottlenecks are, and to trace them back.

Mr. Nathan brought up a very important point at lunch about the difficulty that business has in getting into slum work, work in slum renewal, because of a lot of bottlenecks.

We can pinpoint some of these in Metro North through U. S. Gypsum's experience. That is very much off the top of my head.

Did you have any ideas?

MR. DAVIS: *Yes, but we can hear those in the future.*

MR. JOHNSON: Thank you for your presentation this afternoon.

I would like to continue, now, where we left off this morning with our witnesses. May I remind the participants that because at the present time we have a long list of people to be heard, we're going to have to restrict the time available to about five minutes. We will break this phase of our hearings this afternoon when we hear from Senator Kennedy.

I would like to start off this afternoon with Mrs. Alice Kornegay.

PUBLIC WITNESSES

Mrs. Palmer: Ghetto People Can Handle Problems

MRS. PALMER: I am Mrs. Beulah Palmer, Director of Housing Services for the Community Association of the East Harlem Triangle. Mrs. Kornegay is our president.

First, I would like to describe the Triangle for you. Geographically, it is the area located from the north side of 125th Street to 132nd Street, and from the East River to the tracks of the New York Central Railroad. There are approximately 2,000 families, and a variety of ethnic groups.

In 1961, the City zoned the Triangle M-1, for primarily industrial use.

The people banded together to keep their neighborhood as it had been, partly residential and partly industrial. That way they could not only remain in their homes, but they could also have employment in this area.

The Community Association of the East Harlem Triangle is a grass-roots community service and action organization that believes poor people can effectively run their lives if they are given the opportunity and the training. We believe ghetto people have the talents needed to deal with ghetto problems.

CAEHT has a long history of involvement in welfare and housing problems in East Harlem. We therefore present to the Commission these requests.

We took an exhibit to the streets, moved it from corner to corner all during the summer months, showing the people what the Triangle was like now, and what it could become with their help and their participation and their interest. We held weekly meetings, and I believe we succeeded in involving most of the community.

We would like to make two main points:

1. Give ghetto dwellers the opportunity to participate in the renewal programs in their areas.

CAEHT and Chambers Memorial Baptist Church are currently working together with U. S. Gypsum in the renovation of nine buildings on 130th Street and Lexington Avenue. After the buildings are renovated, CAEHT and Chambers Church will operate a nonprofit housing corporation that will make the apartments available to their present occupants. We are working to keep our community together.

We strongly urge the Commission to seek out ways to make this kind of urban renewal and this kind of cooperation between business and local communities attractive for private enterprise.

2. Open up housing opportunities for people receiving public assistance, especially for ADC mothers and senior citizens.

This can be done in public housing and in housing cooperatives.

We believe it is a tragic waste when public assistance checks are paid to slum landlords for substandard housing, and those same checks could be paying for public housing free of rats and roaches. We believe public housing regulations should not discriminate against ADC mothers and senior citizens.

Commissioner Ginzberg has said we have one of the largest ratios of ADC mothers in public housing.

In certain other cities, welfare recipients are permitted to become owners of co-op apartments. The first year of rent money paid by public assistance is allowed to stand as downpayment on an apartment. Why is not a plan of this nature feasible for New York and for the entire country?

The Community Association of the East Harlem Triangle believes that community participation in the solution of the community's problems is the key to any real solution of the problems of the ghetto.

The people themselves should be allowed to plan for what should go into their particular area. For too long it has happened that they have simply been given this and told, "We would like you to have this."

People have no feeling of ownership. They have nothing to do with the building of it, and perhaps that is one of the biggest reasons that properties are allowed to deteriorate, because the people have no personal feeling about them. Thank you.

MR. JOHNSON: Thank you very much.

Mr. Carter: Build a Man When You Build a City

MR. CARTER: Senator, ladies and gentlemen, good afternoon. I am Leslie Carter.

I have been listening to everyone speaking today, but one thing that disturbed me most — I don't care what you build, where you build it, it doesn't make any difference to me. What makes a difference is who builds it.

Somebody has built the slums, and we will not allow you to build no more slums. We will not allow ourselves to be built back in slums.

You have got people called union people. You had better straighten them out quick. They decide not to give us work, and we want work. They won't build nothing in Harlem unless we get a job.

They are not going to build people in slums like in Hartford, where they shook up the Senate and Congress. They don't give them jobs but empty apartments, and won't help pay.

Right now I am asking you, gentlemen, especially you, Senator, Mr. Chairman, to take a special interest to make the union realize that this is our slum. They put us in slums.

When they were making this school building, they made \$5 and \$6 and \$7 an hour, and we have to stay on the sidewalk and watch them making the money.

They have two cars and nice homes, and we have got no jobs. We are on welfare.

One of you gentlemen asked if we are able men to work. You asked that question. One of you asked the question.

The point is, you must go to work on the union and let them know if they don't come in and do business with us, they won't build anything. They will have to come in and shoot us down.

We want jobs. They claim they are unemployed in the union, and that is their business. We have been unemployed for years, hundreds of years, and we are tired; so you can make all the plans you want. It will blow back in your face.

You have to get the union. This is our demand. I still didn't tell you who I represent. I represent our Neighborhood Youth Board No. 4 and also Milbank-Circle, chairman on labor.

I understand they have plans for us, but we have plans for them, too.

On the jobs: we want jobs for the skilled workers in the building trades, and jobs for the unskilled workers, and jobs for the unemployed, especially on-the-job training for the youth.

These demands must be met, because they are turning our kids into criminals and thieves. They don't educate them in the first place in the schools. They won't teach them no trades.

You talk about slums. Do you know what creates slums? All you gentlemen know what slums is and what creates it.

Do something about it, and stop playing games. Everybody is arguing. You want to build. It will take another 10 years to make another slum. You must start building a person first. If you don't build a person, then what do you want to put a person in an empty house with no job for? Instead you have credit from here to here, and in 30 years you will drop dead. He is sick all over.

You have got to build a man when you are building a city. A person is more important than the house. We are not interested in the house. We believe in the person first, economically, socially, physically and spiritually.

So stop playing games, gentlemen, and take this under consideration. Get to the union people and tell them. Get to them, because you are

the Government, and stop playing with them.

They don't run this country.

If you want to bring us out of poverty, start by giving us jobs. Don't talk about we are sick. We are not sick. If we are sick, you make us sick.

Give us jobs. Give the kids jobs, or there will be more riots. You haven't seen no riots yet.

Gentlemen, I leave you this if you want it. If you want to hate it, it is your business. It doesn't make any difference. But jobs, that is the key. The unions say they are unemployed. Let them stay unemployed for a while.

They will have to shoot us before they build anything. Take it under consideration.

MR. JOHNSON: At this time I would like to turn the meeting over to Senator Douglas, who will introduce Senator Kennedy.

MR. DOUGLAS: Ladies and gentlemen: It is unnecessary for me to introduce Senator Kennedy, either to a New York audience or to any audience in the country.

The Senate of the United States has been greatly improved by his presence. He is an extremely active Senator. I don't know where he gets all his energy, but we are grateful for it. He has been taking an increasing interest in the problems of cities, and housing in particular.

I know that we are grateful to him for coming. Senator, you have a very warm welcome.

STATEMENT BY SENATOR KENNEDY

SEN. KENNEDY:¹ Thank you, Senator. I appreciate the opportunity to appear before your Commission this afternoon.

Your task is the most challenging and the most critical on our domestic agenda. But the dilemma of urban America is as broad as the sweep of our cities, and as immediate as the ghetto of Harlem which surrounds us at this very moment.

I am, Mr. Chairman, especially happy to be here, because you are one of those men whose vision and energy challenge and inspire us all.

As a teacher and as a legislator, Paul Douglas has always been one who has stood — often alone — to remind us of the unfulfilled promises of our heritage. He continues his work, now, as Chairman of this Commission on Urban Problems, and so I am delighted to have an opportunity to appear before his Commission, and before all of you. I greatly admired the Chairman for many, many years, as he was admired and respected, and had the strong affection, of President Kennedy.

This summer we have seen violence erupt in our cities, taking dozens of lives, destroying billions of dollars worth of property. Hopefully, the worst is past.

¹ U.S. Senator from New York 1965-. Attorney General of the United States 1961-64. Candidate for U.S. presidency, 1968.

Surely, we cannot tolerate this wanton killing and burning. Clearly, those who destroy must receive the full force of the law. But just as surely, just as clearly, it is fruitless simply to quell the explosions without attacking the roots.

This violence is not simply an aimless burst of savagery, nor the product of outside agitators. It is brutal evidence of our failure to deal with the crisis of urban America, and the failure to bridge the widening gap between the affluent and the poor, between black and white Americans.

To the eyes of the white majority, of the man of decent impulse and moral purpose, this gap may appear to be closing. In the last few years he has seen the entire structure of discriminatory legislation struck down. He has heard presidents become spokesmen for racial justice, while Negroes sit in the Cabinet and on the Supreme Court. He has paid taxes for poverty and education programs, and seen his children risk their lives to register voters in Alabama and Mississippi.

Why, he asks, is there cause for violent insurrection or disaffection? But his is not the world of the slum-dweller, not the dark and hopeless world where despair is a constant companion.

Deficits of the Slums

The white majority knows the young Negro, Puerto Rican, and Mexican, and tells them how far they have come. But *they* see more vividly how far there is for them to go. The chances are that the young slum dweller was born into a family without a father, often as a result of welfare laws which require broken homes as a condition of help.

A Negro's chance to live to 20 is the same as the white man has of living to 40.

The growing child goes to school, which teaches little that helps him in an alien world. The chances are 7 out of 10 that he will not graduate from high school. And if he does, he has an even chance of requiring as much as the equivalent of an eighth grade education.

A young college graduate who taught at a ghetto school sums it up this way: The books are junk; the paint peels; the cellar stinks; the teachers call you "Nigger," and the window falls on your head.

For the rest of life, also, there are statistics: Of a quarter of a million Puerto Rican schoolchildren in New York City, only 37 went to college last year.

Infant mortality at twice the normal rate, and because of inadequate diet and medical care, mental retardation seven times the community average.

As he progresses through school, it gradually and cruelly becomes clear to him that fewer and fewer jobs are available.

The people of the ghetto today live with an unemployment rate far worse than the rest of the Nation knew during the great unemployment of the Depression of the 1930s.

In the typical big-city ghetto, only two out of five adult men have jobs which pay \$60 or more a week — enough for each member of a family of four to eat 70 cents' worth of food a day.

Only half of the adult men have full-time jobs at any rate of pay. Less than three out of five have any work at all, and there is the primary test before you, of the disgrace of our housing.

For a child's home, above all, defines his world for him, and as he looks around, the child of the slums sees a bleak world indeed.

Forty-three percent of ghetto housing is substandard and overcrowded. Fourteen thousand people are treated for rat bites each year. These marauders strike in the worst of our hovels, and at the most helpless of the children who dwell there, and dwell in silent protest.

I have seen in this Empire State, and in this city of so much promise, these children crowded into one or two rooms with 8 or 10 relatives — without plumbing, without heat, with the cold winter each night — defending the child against the insects and the rats which thrive on this squalor.

As of the last housing census in 1960, over 4 million urban housing units were classed as substandard; that is, were completely dilapidated or were both physically deteriorating and without adequate sanitary facilities. At the same time, 3 million more units were so deteriorated that they required constant major repair. At least 2 million more had serious violations of local codes, or were badly overcrowded.

So pervasive has the housing shortage become that Secretary Weaver informs us that there are at least 4 million moderate-income families — not poor, but with annual incomes of \$3,500 to \$6,000 — who are trapped in inadequate housing because there is no decent housing within their ability to pay.

As Walter Reuther told the Executive Reorganization Subcommittee, "When people who need low- and middle-income housing have to compete with people who can afford luxury housing, it is quite obvious that the people who need low- and middle-income housing come out on the short end."

Mr. Chairman, as you know so well, the problems are increasing. Since the 1960 Census, what special studies we have indicate that the problem is not easing. Indeed, there are indications that it has grown far worse. The most comprehensive of these special studies, carried out by Professor Charles Abrams, revealed that in New York City the number of unsound housing units rose from 420,000 in 1960 to 525,000 in 1965. That is, as Columnist Murray Kempton observed, "New York requires enough substandard units to house the entire population of Trenton, New Jersey, in splendid misery."

Still, there is no reason to think New York is unique. Indeed, in those years New York did more to clear slums and build new low-rent housing than any other city in the country.

We have known of this disgrace since this city was born. We have been shocked at the filth amidst wealth since Jacob Riis awakened New York at the turn of the century, and government at all levels has mounted program after program to erase this scar on the souls of the

people. We have torn slums down, but others have risen in their places. We have tried to rehabilitate them, and decay has oustipped repairs. We have built blocks of public housing, and they have become the new slums of the core city, slums which lack even that sense of neighborhood that the poor ones had.

In recent years, an exploding population, and sweeping changes in the economy, have turned the center city into a trap, an airtight cage, as one writer has called it. The slums spread and the city withers. Those with means flee to the suburbs, and the jobs follow them. The tax base of the city has eroded just when the physical decay has made it more urgent than ever to find the resources and to find them now.

Our answers to this crisis in housing, in employment, in education, have been inadequate. We simply have not done enough.

In part, this is the failure of will, a sheer shortsightedness which has deprived the cities of badly needed resources.

The House of Representatives, for example, has cut the Model Cities Program by two-thirds, and it has tried to kill the rent supplement program so desperately needed in our cities. But even before the Model Cities Program was cut, Mr. Chairman, and even before the rent supplement program was cut, they were completely inadequate programs. The House rejected with jokes and scorn a rat-control program, which would have cost \$20 million a year, a sum that we spend every six hours in Vietnam.

But now we have another chance. The cuts in the Model Cities and rent supplements have been partially restored by the Senate Appropriations Committee, and last week the Senate Labor and Public Welfare Committee voted a two-year \$2.8 billion emergency program to give jobs to those who can perform needed tasks in the ghettos, and to give hope to those living lives of despair.

But the final test for those proposals lies ahead, and victory is in doubt.

The shortcomings in our government programs, Mr. Chairman and members of the Commission, are not merely financial. Public housing, welfare systems, Federal employment programs have just not worked fast enough, nor have they worked well enough to ease the mounting urban crisis.

Incentives to Aid in Ghetto Rescue

What must be done is to turn the power and the resources of our private enterprise system to the underdeveloped Nation within our midst. This should be done by bringing into the ghettos themselves productive and profitable private industry, creating dignified jobs — not welfare handouts — for the men and the youth who now languish in idleness. To do this, private enterprise will require incentives, credits, accelerated depreciation, and extra deductions as effective and as comprehensive as those that we now offer for the production of oil or the building of grain storage facilities, or the supersonic transport.

Just as the investment credits of the 1960's generated new prosperity and employment for the Nation as a whole, so these special incentives could generate new life and new hope in the bypassed pockets of poverty within our own country.

This is the purpose of two bills which I recently introduced in the Senate, along with a number of colleagues — the Urban Employment Opportunities Development Act, S.2088, which attempts to bring private industry into the ghetto through the techniques of tax incentives. The industries would guarantee that the bulk of their employees would be drawn from the ranks of the unemployed ghetto dwellers. This is dovetailed with other training programs, and with poverty projects in the ghetto. This proposal would, in my judgment, get to the root of ghetto employment with a minimum of government resources and control.

Housing Bill S.2100 would use the same mechanism in the field of housing.

I want to stress that this bill constitutes only one part of the needed effort, but it is an attempt to add to our efforts the most vital source of strength and sinew in the Nation — the energy, resources, and the talents of the private enterprise system. Private enterprise has built almost all of our housing. It has not been adequately involved in only one task — the rebuilding of the urban slum.

The time for that involvement, in my judgment, has come. S.2100 would not replace the Model Cities Program. It has been designed to coordinate more fully the governmental efforts in the ghetto areas of our cities. Ineed, it is only within such a framework that S.2100 could achieve its aim. By that program, the 89th Congress authorized \$49 million. That is the sum which this Congress should be prepared to present.

The bill is not a substitute for the rent supplement program, which will assist those with extremely low incomes to pay for housing. Nor will the bill eliminate the necessity for the Administration's rat control and extermination programs. The decay will remain for many years for all of the residents of our urban ghettos, and they will continue to feel threatened so long as they know that they and their children may still be subject to attack from rats.

Nor do these programs preclude the possibility of further governmental efforts.

For example, you suggested the other day, Mr. Chairman, one possibility which in my judgment deserves serious consideration — the use of suburban homes in FHA mortgages have been foreclosed — to house low-income families. Similarly, the Administration's announcement last week of plans for a new community on surplus Federal land in the District of Columbia, and its intention to explore like possibilities elsewhere, are welcome signs.

But no government program can substitute for skills and the resources that private enterprise can bring to bear on the problem of urban poverty. These are the skills and the resources that S. 2100 would

bring to bear on the urban slums, and the skills and the resources that are so desperately needed.

The bill presents a new approach, infinitely expandable, to create low-income housing so badly needed in the major cities of the Nation.

For Private Involvement in Low-income Housing

The bill has 11 basic features.

First, the bill encompasses not only the building of new units, but encourages the rehabilitation of existing structures.

Second, cities will have primary control over their programs. Satisfactory consultation must be held with city officials, as well as with local residents, before a certificate can be obtained from the Department of Housing and Urban Development. Under this procedure, the city can determine the order and pace of reconstruction of its poverty areas, and deal with resettlement problems in an orderly fashion.

Third, the benefits of the bill are limited to the construction of low-income housing within urban poverty areas, demarcated on maps printed by the Bureau of the Census for the Office of Economic Opportunity.

Fourth, the bill establishes a new low-income housing administration within the Department of Housing and Urban Development. The assignment of this program to the Federal Housing Administration would be neither appropriate nor effective. FHA's primary interest is in the construction of single-family homes for middle-income families, but the personnel and the procedures developed to deal with the suburb are not well-suited to the rapid processing of applications for the construction of multiple-dwelling units for low-income families.

Fifth, an applicant receiving local approval and certification from HUD can obtain mortgage insurance for a loan up to 80 percent of the project's cost, to be amortized over a period of 50 years at a 2 percent rate of interest. In return for receiving the low-interest loan and other benefits, the applicant must agree to meet basic standards of design, construction, and maintenance, and to build or rehabilitate at least 100 units, whose rentals will be determined by the Department of Housing and Urban Development. He must also agree to accept a direct base return on his equity of approximately 3 percent. I might say, Mr. Chairman, that with the tax credits and the tax benefits given him, his return will amount to anywhere up to 12 or 15 percent, but there will be a 3 percent figure. I would be glad, if you wish, to go into questioning on how that figure is arrived at. But the return that he obtains, actually, from the housing development — the housing units that he constructs or rehabilitates — that return will be only 3 percent. That is permitting him to keep the rents low enough for low-income people.

Sixth, he must rent to low-income persons and continue as owner of the project for a minimum period of 10 years.

Seventh, in order to induce groups of individuals and corporations to pool their resources for the rebuilding of the urban poverty areas,

the bill amends Subchapter I of the Internal Revenue Code. Under the Amendment, corporations having individual or corporate shareholders can be formed to construct low-income housing projects. These corporations can then pass the rental income received, and the tax losses, to their shareholders.

Eighth, the bill provides for the resettlement of all those persons or businesses forced to move due to construction or rehabilitation of low-income housing.

Ninth, the bill creates a home management fund, to be administered by the Department of Housing and Urban Development, and provides for the formation of numerous home management corporations. The fund, with an initial appropriation of \$5 million, would supply financial assistance and expertise for organizing a building's tenants in a management corporation. These bodies will then work with the project owners, performing management and maintenance functions within the building for appropriate fees. Ultimately, the role of the corporation in the project itself may grow from maintenance assistance to ownership.

Mr. Chairman, there again in the bill, we try to make it attractive for tenants to ultimately own the building themselves, or even the housing units; so that if the owner who first constructs or rehabilitates the 100 units, after the 10-year period, sells those units back to the tenants through this tenant council, then he pays no capital gains tax on any of the money received. Or, if he reinvests that money back into housing in the ghetto, he does not have to pay capital gains tax.

The bill therefore provides — after an eight-year period — inducements for the owner to sell the building to his tenants.

Thus the management corporation can provide a gradual transition from ordinary renting to cooperative or condominium ownership, avoiding at the outset the complex and difficult legal and financial problems of ownership of multiple dwellings. That is difficult here in the State of New York, but I think it is difficult all over the country. It is why I have some reservations about some of the legislation that has been introduced dealing with homeownership.

Tenth, the bill provides for the establishment of a property tax abatement fund, whose ultimate effect will be to lower tenant rentals in projects built under this program.

Eleventh, the bill establishes an integrated system of tax and other incentives, designed to encourage individuals and corporations to invest in the construction of certified low-income housing projects.

Finally, an insurance fund, with an initial appropriation of \$10 million is established. The fund, while charging a reasonable premium from all participating owners, guarantees that if in any year the direct return on investment in a project falls from the permitted 3 percent below zero percent, there will be a reimbursement for cash losses.

Admittedly, these are complex and intricate provisions, but their basic thrust is simple and clear. They have been designed, after extensive consultation with businessmen and tax experts, to achieve the following ends: to induce large equity investment in low-cost housing;

to favor those owners who hold the property for long periods rather than turn it over within a few years for a tax gain; to encourage investors to reinvest the proceeds of any sale in more low-cost housing, and to provide for a competitive rate of return; to make the investment attractive, overall, thus minimizing any need for direct government participation in the ownership, construction, or management of the housing, or for any direct government financing.

Mr. Chairman, the program is not without risk. If we are to succeed, however, in attracting private enterprise to the ghetto, both to create jobs and to build homes, we must face frankly the special risks of doing business in the ghetto.

Insurance in the Ghetto

What this means is that adequate insurance for ghetto property must be provided. The riots this summer have brought the urgency of this task into bold relief. In Newark, in New Haven, in Detroit, in Cambridge, Maryland, and in scores of other cities, those who suffered most in the aftermath of disorders were innocent members of the Negro community whose homes and businesses were destroyed.

In many cases, property owners in poverty areas cannot get insurance, or must pay exorbitant rates to get protection. In other cases, policies are cancelled after the damage is done. The result is physical deprivation for some, economic catastrophe for others, and the end of a life for a few.

All of us have seen the moving photos of families huddled outside burned homes, lost and bewildered, without a place to spend the night or hope for a new home. Few of us can easily forget the face of a Negro businessman in Maryland whose life's work was destroyed in a single moment, whose hope was dashed by the knowledge that without insurance he could never start again, and who took his own life a few days afterward.

We must see to it that the victims of future disorders have the resources to rebuild their homes and their community.

We ought to begin now to provide full insurance against the ordinary risk as well as the extraordinary. The problem is complex. Insurance rates in the ghetto are high because of the high risk of damage from fire, theft, and vandalism. Property is often left decayed by absentee owners, making coverage impossible. Most important, the risk of destruction by riots is unpredictable but ever-present. Insurance companies say they cannot assess the risk of riots accurately enough to calculate appropriately. The result is a natural hesitancy to write policies in these areas, and an understandable inclination to cancel outstanding policies at the first hint of violence.

Several suggestions have been made for involving the resources of the Federal Government in solving the problem of ghetto insurance. We might require all insurance companies to insure the risk of covering properties in poverty areas, or we might subsidize part of the

premiums necessary to obtain insurance for the ghetto properties. The Federal Government might set up a re-insurance corporation to meet the excess liability for major damage to any area, or might afford special tax treatment for the income premiums on ghetto insurance. We ought to study these and other possibilities most carefully. But we must act now, so that more families are not left homeless and more businesses left unable to rebuild their firms.

Mr. Chairman, I think that we should pass legislation in this field in this session of Congress. I think it is extremely important. If we are going to bring other companies and corporations and businesses back into the ghetto, we need this kind of a program. If we want to attract new businesses, so that we find jobs, so that we find employment, we need these kinds of programs.

If we are going to do anything in the housing field, we need some program of this kind.

I would hope we would start on hearings, and that we would consider legislation and pass legislation in this session of Congress.

The immediacy of the problem is apparent. We must respond now, for in a night of violence the work of years spent reconstructing an entire area can be reduced to rubble and ashes in a few hours.

I realize that these programs are difficult and complex; but so are the problems of the modern city. Surely, it is worth all of the energy we have to grapple with these dilemmas, for in our success or failure lies the hope of modern America.

Our urban centers stand, not as a monument to apathy and incompetence, but to the opportunities and the promise of this country. They should be places where talent and initiative and ingenuity can flourish — not havens for the hopeless and for the defeated, where the spark of childhood joy turns to the bitter gall of an adult man, facing nothing but the gray dullness of an aimless life.

That, Mr. Chairman, we cannot tolerate any longer in this country.

It is not too late to change our cities, and it is not too soon to begin. The price in time, in energy, and in resources is high. But the price is nothing less than the next generation of city dwellers.

It is an encouraging sign that this Nation is beginning to recognize the crucial needs, to solve the roots of this urban dilemma, and it is particularly encouraging that a Commission of this stature is devoting its full energies to this task. With men like Paul Douglas at work, these problems, massive as they are, will ultimately yield. I thank you, members of the Commission.

MR. JOHNSON: Thank you very much, Senator Kennedy, for this presentation.

The Commission is very honored in having you here today. I hope you will be able to stay with us for a few minutes for some questions from our Commission members.

I would like to start, at this time, at the far right end of the table with Mr. Tony Downs of Chicago.

MR. DOWNS: *Senator, I agree fully with the principle of attracting private enterprise in to build housing for low-income families, and create jobs for unskilled workers.*

You had sent my firm a copy of your bills previously. I have looked at them with care. They are very complicated, as you say, and seemed quite sound.

I would like to ask you a few questions. First, in the introductory material of the bill on housing, which you introduced in the Senate, you mentioned that you thought the bill would produce housing at the rate of \$70 to \$100. Even a rent of \$70 a month can be paid only by people who have incomes of over \$3,000, if they are paying 25 percent of their income for rent.

This is above the currently applying rule for poverty-line families. Does that indicate that the principle that you have advanced could, perhaps, be expanded to even greater subsidies?

SEN. KENNEDY: First, we don't have any kind of a program along these lines at all at the Federal level. It is a new concept. It would be limited, really, to maybe a fifth of the poor, a fifth of those who live in poverty at the present time.

If the principle is accepted, I think that we could expand it to cover all of those who live in the poverty area.

The bill is limited in that it rehabilitates or builds somewhere between 300,000 and 400,000 units. That is nowhere near satisfactory. Obviously, we have to do far more than that.

The Urban Coalition said last week, I believe, that we need 1 million units; so this is just the beginning. But it is a new concept. If it is accepted, we can see very rapidly whether it is a success.

There might be those who will be skeptical about it, but I think it is a beginning. If it is accepted, it can be expanded to cover the rest of those who live under poverty conditions; and secondly, there can be new units constructed or rehabilitated under it.

I might say, also, that even if we have a major housing program and we do nothing about jobs, we won't have done the work. I think jobs are absolutely essential. One of the parts of my bill that I just touched on in my testimony would have as its aim to take people off welfare and get them on the employment rolls. I think if we can put people on the employment rolls they can start to pay for housing that is better, and perhaps a little bit more expensive than they can pay for at the present time.

I don't think we can attack the problem of the urban ghetto, and attack the problem of our cities, if we just pass one program for jobs, and if we don't do housing and education; or if we do housing but don't do jobs and don't do education. We have to have programs in all of these three areas. I think that all are absolutely essential, and all depend upon one another for the success of any one of them.

MR. DOWNS: *May I ask you one other question which is related to*

what you just said. I recognize that this bill you suggested on housing is only, as you say, perhaps one part of a much broader attack.

Most of the Federal programs that are now under way concerning conditions in ghettos, including the Model Cities Program, tend to reinforce the segregated concentrations of the Negro population in ghetto conditions by improving the ghetto rather than dispersing or having effective dispersement of the population.

Since most of the new jobs are now being created in the suburbs — and I recognize that your second bill is intended to counteract that to some extent — wouldn't it be appropriate to include, as you go along with the things you suggest, construction of low-income housing in suburban areas, where the jobs are already being created, including unskilled jobs? That is, if we could assure that the housing so constructed would be available to Negroes?

SEN. KENNEDY: Yes, I think all of these programs are dependent on one another. I think that is extremely important. I don't think we can wait until that happens; that is my point.

I don't think we can wait until all of the poor — the Puerto Ricans, or the Mexican-Americans — move out of the city ghettos to the suburbs before we do something about the suburbs. I think we have to do something about it at the same time. We have to do something about the ghettos while we are making this other effort in the suburbs.

MR. DEGROVE: Senator Kennedy, your proposal for low-income housing would take over, I take it, most of the functions of the old Public Housing Administration?

SEN. KENNEDY: Yes.

MR. DEGROVE: In this concept you are proposing we would extend and expand enough to the point where it would really make obsolete the old public housing program?

SEN. KENNEDY: Yes.

How to Get Low-income Housing in Suburbs?

MR. DEGROVE: This morning we got into a rather interesting discussion, I thought, within the same context of dispersing the ghetto to some extent, as well as improving and upgrading it.

We had some sentiment that, among other things, what we need is a reassessment of the thrust of the incentives tied to Federal grants-in-aid programs, to persuade — through the carrot and the stick — local governments to respond more favorably — for instance, toward developing low-income housing units out in the suburbs, rather than just in the ghettos.

Have you or any of the committees you are involved in thought about ways in which these incentives could be more pointed, made more effective, to achieve this objective of developing housing units in the suburbs as well as in the ghettos?

SEN. KENNEDY: You mean for the local communities to do so?

MR. DEGROVE: Yes.

SEN. KENNEDY: You have in mind the private enterprise system?

MR. DEGROVE: *I have in mind either one, but mainly the grants-in-aid that go to local governments and have things attached that would force or encourage them to do planning on a metropolitan-wide basis in terms of housing.*

They are now asked to do this in such things as sanitation.

SEN. KENNEDY: The answer is that none of the committees on which I have served have taken that up specifically.

I think what really would be required is far more money available at the Federal level to make it very attractive for local communities, and then for the local communities to start to organize themselves.

As you know, there has been such a great influx into the suburbs, but the suburbs themselves are so divided and so split within counties and communities and towns and cities competing with one another, that that has not been very satisfactory.

MR. DEGROVE: *This is why I despair of it happening through local initiative.*

SEN. KENNEDY: That is right. That is why I don't want to wait to try to do something about the ghettos.

MR. DEGROVE: *I have a brief question, if I may. I find, among my circle of acquaintances, deeply divided opinion as to the effects of the riots on the will of the Congress to address itself realistically to urban problems.*

Some of my colleagues feel it is having a negative effect. That is, it may see Congress less willing. Others feel the opposite — that it has stirred the conscience of the Congress as well as the Nation, with regard to the need to deal more effectively in terms of money and programs with these problems.

Which way do you see the tide moving in Congress, facing up to these problems?

SEN. KENNEDY: I am not very encouraged. I don't think there was any great will to do much before the riots, and I don't find there is any great will to do a large amount now.

I think also, with the fact that we have a struggle taking place in Vietnam that is taking a good deal of the resources, talents, and energy of the executive branch of the Government, we are not focusing on the problems to the extent we should be.

I don't think it is just the legislative branch. The fault is in the legislative branch of the Government, but I think it must be shared by all in Government, and even those who are outside.

MR. DEGROVE: *Thank you.*

MR. O'NEILL: *Senator Kennedy, I have just one point. I agree wholeheartedly that we need Senate Bill 2088 as much as Senate Bill 2100.*

New York City, for instance, has something less than 7 percent of its land (that is not tideland or under water) zoned industrial. Do you envision any way of handling the problems of zoning commissions which in many cases, in big cities, have kept industry out of areas

where it might otherwise have gone to provide jobs for low-income families?

SEN. KENNEDY: They are making a particular effort in Bedford-Stuyvesant, and have a major effort taking place there.

I have seen many areas in Bedford-Stuyvesant where I have studied it in detail. I have not studied it in detail in Harlem, and I haven't done so in the South Bronx. I am familiar, generally, with what the problems are, but I have studied it more intimately in Bedford-Stuyvesant. I have seen many areas in which you could construct businesses, and where there wouldn't be the kind of problems you describe.

But where they do exist, I think that city government and local citizenry would have to try to work out a way of dealing with those kinds of barriers. That is why, under the legislation, it is left to the city and the people in the locality to make a decision as to what they want to do, and what direction they want to move in.

It seems to me that if they work together, and you have the right kind of leadership at the city level, and you have some leadership at the local level, you can accomplish many of the things, and perhaps lower some of the barriers you described, which I am conscious do exist.

MR. O'NEILL: *Thank you.*

Mechanics of the Tax Incentive

MR. DOUGLAS: *Senator, I wonder if I might address a question to the arithmetic?*

SEN. KENNEDY: I wish you wouldn't, but go ahead. [Laughter] I feel like I am in your class.

MR. DOUGLAS: *It is not a class. I am trying to clear up my own ignorance and stupidity. You say that the investor is to accept a direct base return of 3 percent?*

SEN. KENNEDY: Right.

MR. DOUGLAS: *That seems a very low rate to attract capital. But then you threw something in, that that was really a 12 or 15 percent rate. I would really like to know what you have up your sleeve so that you can transform a 3 percent rate into a 12 or 15 percent rate.*

SEN. KENNEDY: This is one of the few pieces of legislation that can actually accomplish that.

MR. DOUGLAS: *I wish you would tell us how. What is the secret?*

SEN. KENNEDY: As I mentioned just briefly, Mr. Chairman, through tax incentives and tax credits, the return would be between 12 and 15 percent.

I might just describe by a hypothetical case how that would come about. An individual is going to build, and he has to build at least 100 units. Let us assume that the 100 units will cost \$1 million. This is an easy figure to deal with.

He borrows money from a bank to construct or rehabilitate the 100 units and then goes back to the bank. He obtains a loan from them at 2 percent interest.

He must invest in this project at least 20 percent. He has to invest at least \$200,000. He receives on the \$200,000 a tax credit of 3 percent; so immediately he receives 3 percent tax credit.

MR. DOUGLAS: *This deduction is dollar for dollar of the taxes which he would otherwise pay?*

SEN. KENNEDY: Yes. He can take that deduction on any of his investments that he might have, or any of the investments that the corporation might have.

For instance, if General Motors decided they would go in the housing business, and they put up \$200,000 of a million, they could take 3 percent tax credit of the \$200,000 on any investment that they might have. That tax credit can increase.

The investor has to put up 20 percent, but he can put up the whole 100 percent. The tax credit increases according to how much money he puts up — from 3 percent to 22 percent. He can receive 22 percent if he puts up the full amount. He can receive a tax credit of 22 percent on the whole \$1 million investment. Do you understand so far?

MR. DOUGLAS: *I have a vague idea. I would say you have a plan rivaling the oil depletion allowance.*

SEN. KENNEDY: I thought we should do this for the ghettos as long as we do it for the oil men. Shall I continue about what happens?

The 200 largest companies and corporations in the United States have never invested any money in housing. This is an effort to get into the housing industry those companies that don't have to go to a bank or some lending agency to borrow money in order to build. It is to try to get them to put some of their extra capital in the ghetto.

They have money that is available. This is attractive to them. They can get the 3 percent credit, or they can get up to 22 percent, depending on how much money they invest. The 3 percent is on the whole million, as the 22 percent is on the whole million.

They also get an increase in rapid depreciation. Basically, if an investor puts up the \$200,000 or 20 percent, he gets a depreciation over a 20-year period. But — and this will shock you — if he puts up the million dollars — the entire amount of money — then he gets the depreciation on a 10-year basis.

The purpose of it is to attract large investment into the ghetto.

There is a third feature to it. The investor has to keep it for at least 10 years. If he sells it back to the tenants, then he pays no capital gains tax. If he sells it, and uses that money to invest back into the ghetto in housing, he pays no capital gains tax.

All of those tax depreciation and tax credits give him a return of somewhere around 13 percent. That is why it is attractive.

I would say, Mr. Chairman, I think it would be better if we didn't have to do it. But we do it for the supersonic airplane, and for oil and for grain bins and for defense plants. The only area we haven't done it before is in the area where we have the greatest problem at the moment.

The Federal Government hasn't been able to solve this problem by itself. We need, I think, the free enterprise system. I don't think we will get them by going to them on a charitable basis.

We have to make it attractive to them, and I think this legislation does make it attractive.

The figures can be changed, but the legislation makes it attractive for them, if it is passed, in my judgment. The private enterprise system will then start to make some major investments in the ghetto, and will start to rehabilitate and put new housing in the ghetto, which is what we need.

MR. DOUGLAS: *The government is really financing it indirectly?*

SEN. KENNEDY: The government is making it attractive for them. The government, without any question, makes it attractive for them to do so.

In my judgment, there is no other way in which it can be done. Or at least nobody else has come up with any alternative suggestion.

I am not wedded to any of these figures. The figures might be changed up or down, but I think we can find in a year how successful it has been. If it is too attractive for business, then we can lower the figures. If it is not attractive enough, we will raise the figures. We have to spend time with businessmen and tax experts, and with others. It seems to me this is the kind of formula which will finally attract the private enterprise system into the poor sections of our city. I think it is desperately needed, as I said.

We just cannot possibly rely on the Federal Government performing the task of putting up this money. I don't think it is going to be done.

I don't think that it's just a question of the war in Vietnam, but there is no question that while this war and struggle is going on, this job is not going to be done.

This is a possibility of bringing private enterprise in to supplement what the government is doing at the moment, which is limited; and give some hope to those people who live in the ghettos.

MR. RAVITCH: *Before I ask Senator Kennedy a question, I would like, if I may, to make a couple of comments on the question you asked, Senator Douglas.*

First of all, under the existing tax law, and under the existing 221(d)(3) program, an investor can in effect get — using the parameters — about a 12 percent return on his funds.

SEN. KENNEDY: I don't know whether you know this, but that has been used for people that live in the suburbs. Middle-income housing has not been very useful to those in the ghetto.

MR. RAVITCH: *It has not substantially increased the amount of investment under the 221(d)(3) program.*

SEN. KENNEDY: That's right.

MR. RAVITCH: *I think the real advantage of Senator Kennedy's proposal is twofold: One, by increasing the tax incentives in accordance with the smaller amount of mortgage money that the owner is going to borrow, it increases the amount of mortgage money available, and*

presumably will increase the total amount of housing supply to be created under this program.

Secondly, I think a statistical or arithmetical analysis would show it is far cheaper for the Federal Government to subsidize housing this way than by direct appropriation.

It also avoids what we have found to be a substantial political problem; that is the reluctance of not just Congress, but the voters of this state, for example, who four successive times have rejected bond issues for low-income housing. This avoids a difficult political problem, as well.

Senator, forgive me for extending my remarks.

SEN. KENNEDY: That is very helpful.

MR. RAVITCH: Your proposal on the creation of jobs in a sense, if I understand it, essentially proposes the same basic type of tax incentives.

I think this probably has a good chance of attracting some major companies into building facilities — industrial facilities — in our city. However, even with that, I believe it is fair to say that the preponderance of jobs and job opportunities are afforded by smaller businesses — smaller and medium-sized businesses.

SEN. KENNEDY: Yes.

MR. RAVITCH: These businesses are leaving New York, as you have commented frequently, despite the fact that they are attracted by the availability of labor.

One of the reasons they are leaving is the difficulty of getting financing for the creation of new space that they need. They are in old loft buildings that have deteriorated. Or the areas in which they existed have changed their nature through new zoning or through residential development.

They are leaving the city frequently because of their inability to get adequate financing to build a new plant.

I wonder why you do not include in your proposal — assuming this to be valid — a proposal that in effect would extend the concept of government-insured mortgages to the production of industrial facilities as well.

I don't think any amount of incentive to the equity investor will help in a situation where the business is not a credit business and can't go and obtain mortgage financing.

SEN. KENNEDY: I think that makes a good deal of sense. Perhaps it is a provision that I should have included, and I will certainly study it and see whether it can be used to supplement the legislation. I think it is a very good point.

MR. RAVITCH: I believe that you recommend the creation of a low-income housing administration within HUD. Do you intend that to include the administration of all the multifamily programs? I couldn't agree with you more.

You pointed out that the history of FHA is such that it has been oriented toward the 203 program¹ — and toward the suburban home.

¹ Under Title II of National Housing Act, mortgage insurance for one-family, up to four-family residences.

But we have many multifamily programs: 203, the cooperative program,¹ the 220 program,² as well as the public housing program. Are you suggesting that all the multifamily programs be separated out, or just low-income?

SEN. KENNEDY: Just low-income.

MR. RAVITCH: *Where would you draw the line — just public housing, if your legislation were to pass? Or would you put the administration of that within —*

SEN. KENNEDY: I would put the administration of that in. Obviously, there will be some problems, and there will be some overlapping. I would hope that would be worked out by a Congressional committee.

But I do think it would be a mistake — if we really want to accomplish the task with this kind of program — to have it in the existing agencies.

MR. RAVITCH: *How do you feel about the use of urban renewal funds — traditional land write-down funds — for the write-down of lands on the creation of industrial space?*

As you know, a lot of the opposition to urban renewal came from the fact that people resented the fact that urban renewal funds were being used for downtown commercial development, as distinct from housing for people.

SEN. KENNEDY: It depends on what kind of rehabilitation — what other kinds of housing you make available to people.

I think that the resentment lies in the fact that people have been moved out of homes, and the redevelopment has been commercial, with no adequate provision made for those who were dispossessed. There has to be more housing, rebuilding. There has to be more rehabilitation of housing going, more new housing being constructed. A lot of that will be taking place. Then there will be housing available to those who lost their homes because of the construction of a plant or a place of business.

I don't want to come out flatly against land write-down for commercial use. I understand the reservations about it in the past, but I think it has not been administered well; and also it hasn't been part of an overall program. I think that would be a very important and essential ingredient.

MRS. SMITH: *Senator Kennedy, could I ask you first a question about the classically obsolete building industry? I don't think I find anything in your bill which would give incentives to try to make more sense out of this very costly industry.*

Putting Big Business into Building

SEN. KENNEDY: The point really behind the legislation is to start

¹ Under Sec. 213 of National Housing Act, mortgage insurance; cooperatives also eligible for construction financing under Sec. 305, Sec. 221(d) (3) of National Housing Act; for loans for housing for elderly, under Sec. 202, Housing Act of 1959, and rent-supplement provisions, under Sec. 101, Housing and Urban Development Act of 1965.

² Sec. 220 of National Housing Act establishing FHA insurance for new and rehabilitated homes and rental housing in urban renewal areas.

bringing new companies and corporations that have never taken an active role in building into the building industry themselves.

MRS. SMITH: *Do you feel, though, that they will continue the same old practices?*

SEN. KENNEDY: I think there will be sharper competition, and everybody will have to improve their methods of doing business, and the end product.

The point, really, is that in the past we have just relied on a relatively small group who then had to go and borrow money. With all the skill and talent that exist in some of the larger corporations, who also have extra money available, and who might take on this kind of task, they will be competitors. And I think competition would be a good idea.

I don't think it is just by chance or coincidence that none of the large companies or corporations, as I say, have taken part before. Look at the 200 largest companies. None of them do any of this. Through this legislation, we might start making it attractive for them.

MRS. SMITH: *Do you think they may have some influence on certain union practices that have held up building?*

SEN. KENNEDY: I think we can do a lot, if we are doing this kind of work within these slum areas.

As I say, we have done a good deal in Bedford-Stuyvesant. We have done rehabilitation work, and we have done building, and we have not had any difficulty with labor organizations.

MRS. SMITH: *Thank you.*

SEN. KENNEDY: In fact, we had a good deal of cooperation from them.

MR. RAVITCH: *Senator Kennedy, when the 221(d)(3) legislation was passed in 1961, it did not contain any requirement that prevailing wages had to be paid. This had the result of both reducing labor costs and also substantially increasing the opportunities for people in the ghettos to participate in the construction of the home.*

This legislation was subsequently amended — I believe, two years ago — to require that prevailing wages be paid.

What does your bill contemplate with respect to this requirement?

SEN. KENNEDY: The first bill, dealing with industry, requires comparable salaries in the neighborhood for those who are employed. That is what I would anticipate.

Again, we had the same kind of problem in the rehabilitation work that we're presently doing in Bedford-Stuyvesant. A different category of workers has been established than regular apprentices and regular workers. We have been able to work out something that is acceptable to the unions and acceptable to the employers, and acceptable to the employees.

I would hope that something along those lines could be worked out.

MR. RAVITCH: *But I believe that is not subject to the prevailing wage requirement of the Davis-Bacon Act, as is the housing legislation that I am talking about.*

SEN. KENNEDY: I mention in here that if it were subject to the Davis-Bacon Act, under the legislation, that is the direction we should move. But also, we contemplate that there will have to be individual arrangements made in a particular community.

MR. RAVITCH: *Thank you.*

MR. BLACK: *Senator, I know you have some familiarity with labor problems, and I can see some that I think may be coming with your bill.*

Let us take the United States Steel Corporation, for example, and assume that they decide to get into the building industry.

Putting the local people to work is one of the objectives that we all have in this building program. Assuming you can get some local people working—which unions are you going to deal with, building trade unions or the steelworkers?

SEN. KENNEDY: I am sure, if they are doing building work, that they will be in that particular area, and they would be dealing with the building trades.

MR. BLACK: *In the steel mills the steelworkers have to put fire brick in the furnaces.*

SEN. KENNEDY: I can't answer all of those questions. The fact is that the United States Steel owns businesses, some other companies; and Ford Motor Company and General Motors have other companies. There has been, as you know, a great number of mergers of various kinds of businesses, and they are able to work out the labor problems. It seems to me that is not an insurmountable problem. I agree you will have some difficulty. In anything you do there will be problems.

I just think that that kind of problem can be worked out amongst the labor unions and amongst the people who live in the community—with the city and with a large company or corporation.

MR. BLACK: *I think it can be worked out, too. I wondered how?*

SEN. KENNEDY: I don't have an immediate answer to it. As I say, it has been worked out in the past when these kinds of things have arisen. In my judgment, it can work out in the future. Where I have seen the problems that have been anticipated, as far as labor unions are concerned, and people working in the ghetto—in Philadelphia, and in several of the cities in Ohio and in California, as well as what we have done in Bedford-Stuyvesant—an arrangement has been made, and it has been satisfactory with the building trades and with other labor organizations. I think it can be done if we have the will to do so.

MR. BLACK: *I wanted to ask one more question with reference to development of employment opportunities.*

What is the nature of the credits that you have, here, and the extra deductions in reference to that bill?

SEN. KENNEDY: Which?

MR. BLACK: *On the Job Opportunities Bill.*

SEN. KENNEDY: We now have under the tax incentive credit program a 7 percent tax credit for machinery. This rate is after 10 percent.

It gives a 7 percent incentive for the construction of a building, or the rehabilitation of a building, construction of a factory, which

doesn't exist under present legislation. It gives a deduction of 125 percent of the employees' salaries, instead of 100 percent. It is not 125 overall, but you deduct all of the employees' salaries as a tax deduction. This would give 25 percent above that as a tax deduction.

MR. BLACK: *Is that not a sort of subsidy?*

SEN. KENNEDY: Manpower training is always subsidized. There are a lot of programs in existence. You get lots of kinds of subsidies to business that exist at the present time.

This is attempting to do it, as Mr. Ravitch said, in a way that would be politically acceptable, and would give the kind of incentives to bring in that sector of our economy that has never played any role previously.

MR. BLACK: *Thank you very much.*

MR. DAVIS: *Senator Kennedy, S.2088 deals with private enterprise moving into a ghetto. S.2100 deals with housing.*

As a companion to the bills, is it possible to create a fund exclusively directed to aiding local ghetto businessmen, thereby making possible a much greater percentage of indigenous ghetto ownership?

SEN. KENNEDY: You have that in our small businesses, and we also had some money available under the poverty program.

There are two or three different agencies or departments of government that have those kinds of programs at the same time. Whether they should be more closely coordinated is a question.

I looked into that question to see whether they could form something as we do for Latin America with an Inter-American Bank, or what we do for the Export-Import Bank dealing with the underdeveloped nations of the world.

MR. DAVIS: *Exactly.*

SEN. KENNEDY: The reservations I have about it are that there are a number of programs already active in this field, and whether we need another program, I just don't know yet.

MR. DAVIS: *Wouldn't that depend —*

SEN. KENNEDY: I think it should be studied. I wouldn't be prepared to say that should be done.

MR. DAVIS: *Fine. Thank you.*

SEN. KENNEDY: I have talked to a number of people who are enthusiastic about the idea. I think it makes a very great deal of sense. I just don't know whether it is overlapping a program already in existence, and I haven't had an opportunity to look at that in the depth that I should before I answer the question.

MR. JOHNSON: Thank you very much, Senator Kennedy, for coming down and talking to us today. We appreciate it very much.

PUBLIC WITNESSES

Mrs. Walter: Community Citizen Group

MRS. WALTER: Senator Douglas and other distinguished members: I am Mrs. Cora Walter. To my left is Mr. William Ward, Acting Chair-

man of the Milbank-Frawley Circle Housing Council, Inc. To my right is Mr. John Brady.

This community-based organization proposes what it proposes to do in terms of the serious problems that are known in the ghettos around the country.

As I told Mr. Shuman (Executive Director) after I received a notice of this hearing in the mail, I understand from my neighbors and friends in the ghetto that the others were not honored to receive a notice. But I came because I feel it is high time that those in Washington know there are dedicated people within the ghetto who are working against tremendous odds.

I cannot say too strongly that time is really running out for studies. I think that we have really studied the problem, and we have had papers to the point that — being frank with you — unless something is done very soon it is going to really be too late.

I know that the people who live in the ghetto, who have worked side by side with me during all my professional life of 21 years, are dedicated to resolving the problems that are around them. But there is a great doubt in my mind as to those who do have the power to do anything about it really wanting to do something about it.

I say that because for almost 15 months, without a single nickel, a group of ghetto dwellers have come up with — as Mr. Nathan told us on July 28 when we met with him — a plan and proposal that ordinarily professionals take four years to do.

The point is that one of my friends — I don't know whether Benny is still here — said, "Cora, this is nice, because this is a project to rehabilitate some of the structurally sound buildings within the Milbank area under 221(d)(3) for the purpose of providing the immediately needed large bedroom apartments, in order to house some of these families who cannot wait three to five years for new construction."

But, he said, "Cora, that doesn't mean a thing, because you're going to have to finance it in two years."

I asked Mr. Brady, who had worked with us as an architect, to get to this point — to just give you an idea of what I believe are some of the things that you must take back and, I think, frankly, make part of your report. There must be some way of cutting through the red tape to make a possibility of the things that we all talk about.

I know the hour is late, and I do want others here in the Harlem area to be heard. I won't belabor it, but if there are any other questions I would be glad to answer them.

MR. JOHNSON: Thank you.

Mr. Ward: A Bi-lingual Group

MR. WARD: Mr. Chairman, I would just like to say that the Milbank-Frawley Circle Housing Council is unique. It presents a very beautiful picture, because that area, which covers 106th Street, roughly, to 125th, from Park Avenue over to Lenox Avenue, embraces various elements of people.

We have American Negroes and we have Puerto Ricans who also live together.

Our meetings are unique, because they are bilingual. We talk first in English, and then translate into Spanish.

Those that we work with are people who are dedicated, and have worked in the community for many years. We have men like Mr. Sabater working on the East Side for quite a bit of time, and Mrs. Tully and Mr. Bob De Leon, and we have Mr. Delcora. They all come in to aid us in our meetings. We have Brother Dan, who has quite a few services going in the community for the poor.

We have decided that we would bring about this Milbank-Frawley Circle in order to aid the community in various aspects, to aid, advise and assist government in the development of a plan for the renewal of this area, which will benefit the total community, taking account of its special characteristics, and supporting it in a meaningful and constructive manner, as part of the overall, massive planning.

To bring construction of new vest-pocket housing on vacant lots within the community, to provide additional housing within the community — new or rehabilitation — now will be the prime concern, keeping in mind the income level of those in the community who cannot afford to pay high rents, and those who can afford to pay more.

I would like to go on to outline our objectives at this time, but because of the lateness of the hour I will yield at this time to others.

Mr. Brady: Model Cities as People-Planning

MR. BRADY: I am John Brady, a practicing architect here in New York and a voluntary consultant to the legal council of the Milbank-Frawley Circle Housing Council.

I would like to speak to you of our experiences in tailoring the housing needs of the people of this area to the Model Cities Program.

I must say that these people have come to believe that only by their own efforts, and through their own constructive community leadership, can they obtain a rightful share in the enforcement of this program to their own just advantage. And if there is one tool of law which can enable a minority community to do just that, it is the Model Cities Program. When implemented at its true potential, it can be a document of social evolution, a veritable declaration of independence for the urban poor.

Just how is this so? First, because it delegates to communities — not only to municipalities or to states — but to communities across this Nation, the right to plan and provide for their own social and economic development.

Second, because it provides for the potential distribution of Federal money — through the municipalities, to be sure — straight down to bona fide nonprofit community-led and staffed corporations, legally constituted in their state of origin, to receive and administer these funds for the sole benefit of their own people within their own communities.

As of this moment, the Milbank-Frawley Circle Housing Council stands poised to put those powers to the test in Harlem.

After a long and involved confrontation with officialdom, the Council has the support of the city administration, and its plan for the rehabilitation of Central Harlem is in motion.

When the poor of this Nation can be so franchised, this is social evolution of a high order. It is even more than that. It is peaceful revolution under the law.

Paternalism, Vested Interests, Labor Impasse, Etc.

In the Council's era of struggle and preparation before this day of hearing, specific objectives for proper implementation of that law have become apparent. I will be brief.

First, the fatal danger of paternalism. Municipalities are accustomed to using their established staff facilities to do the thinking for the residents of urban renewal communities, and the results have been catastrophic.

Second, the dearth of grassroots community leadership on the part of the community. The present threat to successful action lies in hastily mustered and often superficially structured community groups, too overwhelmed by the complexities of the program to understand how they could possibly take the initiative in determining their rights under the law, and often retreating into rubber stamp approval of projects they did not want or need.

Third, status quo in housing. The structure and operating relationships of Federal agencies, and the offices of the local municipalities, are a too well chartered tributary system for officialdom to spend time in the development of new channels more directly based on community participation.

Fourth, the threat of the entrepreneur. The encouragement of private enterprise to seek solutions not possible to public housing bodies has opened a door to the religious, financial, and business establishments to move into the limited-dividend or nonprofit corporate sponsorship field and, in the course of representing the best interests of the poor, to perpetuate the power of the vested interests of the white establishment over the social and economic life of minority groups. The result most often has been to wipe out of existence the very community the law was designed to preserve.

Fifth, the labor impasse. There can be nothing but direct confrontation between the residents of the urban renewal areas, with their legal right to share in the work of the rehabilitation, and the unwillingness of organized labor to qualify them for union membership.

The hope of constructive minority leadership lies in its faith in the inherent humanity of the labor leaders, and the historic ability to recognize and understand the oppressive force of organized society on the underprivileged. It lies, further, in the leadership of such groups as the Building Trades Council of Pittsburgh, which has professed a readi-

ness to break jurisdictional lines on urban rehabilitation, and opened wide the opportunities mandated by the law for the urban poor.

Sixth, the lag in rehabilitation planning. The growing rate of discriminatory demolition in Harlem, coupled with chaotic relocation of displaced tenants, and the despairing abandonment of the area by some of its best families in the face of this upheaval, have caused the people to believe that they were being bulldozed out of existence as part of a deliberate attempt to wipe them out of the community, and as an ethnic force in this city.

Seventh, social factors. The self-perpetuating public welfare programs, and the lack of positive, comprehensive job-training facilities in the city represent major hurdles to the full promise of Model Cities.

Now, how do the people of Milbank-Frawley confront these problems?

First and foremost, a whole new set of rules must be created, if we are to plan with and for the poor.

Superblocks must give way, if you will pardon the expression, to miniblocks, to keep neighborhoods in human scale.

Increases of income must not be translated into evictions. The poor must not be isolated in projects which have become the poorhouses of the twentieth century.

Debt service must be reevaluated to reduce the amortization guillotine hanging over the heads of urban renewal.

Three-, four- and five-bedroom apartments must take precedence over the one- and two-bedroom units, which look so well in paper tabulations of unit costs, but which are totally inadequate to house the poor.

Large family living rooms must be provided off-street, in "in-home" centers for family life.

The Federal Government must effect a rapport between the national labor relations statutes, the labor unions, and the mandates of Model Cities.

Indiscriminate bulldozing must stop, and effective rehabilitation of Harlem must begin on the basis of the specific plan of Milbank-Frawley.

The Small Business arm of the Federal Government must be jolted into dynamic activity to develop the business potentials of the area's residents.

Job training, both in and out of the construction field, must be energized with or without union cooperation. This above all is needed, locally and on a national scale, a method of establishing cohesive bodies of independent community leaders representative of the total community population by group and subgroup — able to relate to this new constituency across ethnic, political, economic, religious and social lines, on a curbside and living-room level — free of overriding political or religious ties — loyal primarily to the community as a unit of the city — willing to secure structure and supervise the expertise required to translate the real needs of the residents into specific and functional action proposals — qualified to sit at conferences, with all ranks of

officials, to achieve practical solutions, and determined to persevere to accomplish it.

MR. JOHNSON: We appreciate that.

MRS. WALKER: May I say to this august body in closing, I do hope you will, in your final findings, realize that local, grassroots people can think for themselves. They are entitled to money to hire experts for themselves and come up with constructive plans to answer their problems.

MR. JOHNSON: Thank you very much. I would like now to call to the speaker's table Mr. Julio E. Sabater of the Massive Economic Neighborhood Development, Incorporated.

Mr. Sabater: 5-Pronged Program to Erase Poverty

MR. SABATER: Mr. Chairman, members of the Commission: My name is Julio Sabater. I am Program and Deputy Director of the Massive Economic Neighborhood Development, Inc., and I'm also President of the Puerto Rican and Hispanic Human and Community Development Foundation of East Harlem. I am also Vice-Chairman of the Community Planning Board No. 11. I am here not as the spokesman for those agencies that I just mentioned, but I as a citizen of East Harlem.

Mr. Chairman, distinguished members of the National Commission on Urban Problems: I welcome the honor and the privilege to be here today on behalf of all the people of East Harlem, and to participate in this important hearing.

Before I state my opinion, may I say that before I worked for MEND, I was director of the district office of the Neighborhood Conservation Bureau of the Housing and Redevelopment Board of the City of New York.

Reverend Norman Eddy spoke to you briefly. The Metro North area is part of the Area Services District of which I was the director.

Two years ago, it was a shock to many people in government that I rejected all the applications for housing redevelopment or housing rehabilitation which had no plans to rehabilitate the people living in those buildings.

As I said before, I welcome this opportunity to be here today, and I sincerely hope and I trust, too, that the members of this Commission will not see me as an adversary of the Commission, but as a modern Paul Revere who has come here to alert you that the existing crisis facing the poor people of our great country is the greatest problem, the greatest challenge, and the most dangerous situation facing our city, state and Federal governments, and that this crisis is the greatest threat facing our democratic way of life. And that in order to prevent further waste of life and property in our Nation, it requires immediate joint and coordinated effort between the public and private resources.

Mr. Chairman, many of us in East Harlem came to the City of New York from Puerto Rico, such as myself. Others came here from many

of several states of the South with the hope of providing a better life for our families, especially for our children.

Instead, we find ourselves — and I might say that I am one of the few exceptions to that — living in the worst slums, holding the worst jobs, being the first to be fired, receiving the lowest salary in the worst jobs, suffering for lack of adequate facilities, with the highest rate of infant mortality in the whole City of New York, the highest rate of chronic diseases.

May I say that the Bird S. Coler Hospital, which is one of the hospitals for the City of New York for chronic diseases, has 70 percent of its patients coming from East Harlem and Central Harlem.

Eighty-seven percent of our children drop out of school before completing high school.

We have the highest rate of narcotic addiction. There is no hot water or heat during the winter time. Rats keep tormenting us and biting our children, and there is no hope in sight that this human misery and social injustice will end. On the contrary, it is getting worse every day.

Our children cannot grow to manhood with the devilish notion that a human, decent, and good life in this great country of ours is only for the ruling class — such as most of you — and the power structure and the stooges, and that our children's destiny is a fixed destiny, of human degradation, despair and painful experiences.

This is not fitting in a world of today, nor in a world of tomorrow. The time has come for all Americans to demand that public resources be used to eradicate the causes of poverty across the land, and to make the American dream a reality to all of us, without regard to race, creed, color or national origin.

Most city planners, Mr. Chairman — political leaders and civic leaders around the Nation — have concurred that physical renewal of the dilapidated and deteriorated neighborhoods is not enough, because in the same manner that buildings have been neglected, the lives of many residents residing in slum areas have also become blighted by generations of neglect, physical, and emotional illness, lack of job opportunities, bad education, discrimination, lack of decent housing, broken homes, welfare dependency, narcotic addiction, and other social ills which have become their pattern, keeping millions of poor citizens out of the mainstream of the American way of life.

Therefore, Mr. Chairman and members of the Commission, it is my opinion that any attempt to alleviate or eradicate poverty in our slums must be carried out in a well-balanced, coordinated, comprehensive, simultaneous attack against the physical and social causes of poverty. The time for change has come.

I propose that in East Harlem this attack must be composed of the following programs:

1. A comprehensive manpower program composed of a massive work program to create jobs for our unemployed which have no marketable skills; jobs and job training for our semi-skilled and sub-employed workers, calculated to upgrade them; and planning of full jobs for

our skilled workers; and job opportunities in industry, banking and government.

2. A housing program, composed of a massive rehabilitation program, a tenant-ownership program, erection of vest-pocket housing, senior citizens' housing, middle-income housing, and housing for large families — without destroying our neighborhood line, and without displacing our families and small businesses.

3. An educational program, composed of more Head Start centers; quality education in our public school system; after-school study centers to help our children to catch up. Libraries, bilingual teachers to deal with the Puerto Rican child, in line with the existing needs, meaningful community participation in our public schools, and a preparatory academy to help prepare our young people to pursue and achieve a college education.

4. I also propose a consumer education and protection program, to establish buying clubs, credit unions, budget management clinics, consumer fraud detection clinics; in other words, to help our low-income consumer spend and use his purchase dollar more wisely, in order to develop more buying power.

5. A health program, health education clinics, nurseries, day centers, prenatal services, dental, eye, ear and nose clinics, clinics to make certain that every expectant mother receives prenatal services, and that every newborn baby in East Harlem receives a good start in life, in our effort to make every child a productive and loyal citizen. Thank you.

MR. JOHNSON: Thank you very much.

Mr. Alex Prempeh.

Mr. Prempeh: An Urban Construction Corps

MR. PREMPEH: Mr. Chairman, and members of the President's Commission on Urban Problems: On behalf of Harlem, representatives of both civic and church organizations, I am a member of the HARYOU Act Neighborhood Board, and I am a Director of the Morris Park Senior Citizens' Housing Council. I would like to wish you welcome to Harlem.

First of all, I would like to congratulate you for taking on this Herculean task before you in considering the urban problems. I would like to add support to what my colleague, Mr. Sabater, has brought before you, because he has brought you the social aspects of it. I would prefer to deal with the housing aspect, and confine myself to just that area.

There is an opportunity that is before you, Mr. Chairman, in this Commission and before the entire Nation today. That opportunity is paralleled with the close of World War II and the Marshall Plan as a reconstruction program for the building of Europe.

We would like to recommend to you today to consider and make recommendations for a similar type Marshall Plan program, whether it be called a Douglas Plan, a Kennedy Plan or a Johnson Plan — but

for it to be a reconstruction program. We would like to say to you, Mr. Chairman, send the funds for a demonstration program, and we will organize a national housing task force, similar to the Seabees, the construction battalion of 1942.

Give us access to the surplus tools and equipment from the Government surplus, and adequate funds to hire instructors, and we will train enough men to make an OEO urban redevelopment task force throughout the entire country.

Just as the President has decided to release GSA-used lands, we will rehabilitate 43,000 single-family houses that the Chairman has brought out. We will operate as a domestic urban construction corps, as a Johnson Reconstruction Plan, to compare with the Marshall Plan.

I would like to also point out, Mr. Chairman and members of this Commission, in New York City, private and nonprofit organizations such as mine, have already attempted to show how much could be saved in producing low-cost projects in preference to the New York City Housing Authority, where the City, by regulations, must let out four contracts to the nonprofit sponsor's one contract.

We have the example, in Harlem, of \$19,000 being used per NYCHA unit as against \$14,000 by the nonprofit sponsor.

We would also like to recommend consideration of the turnkey program¹ designed by the Honorable Walter Washington, Chairman of the New York City Housing Authority, which should permit nonprofit housing developments to erect housing projects faster and more economically than is being done at present.

Housing on Air

Combined with the Wechsler Plan, which I propose to introduce and explain in a brief few minutes, we want to introduce the Washington Plan into Morris Park Senior Housing for building over air-rights in the city streets. This can solve a large portion of the relocation problem of urban slums throughout the entire nation.

Rent supplement programs² can solve the problems of the ability of people to afford rents in newly constructed housing units.

If we have the organization, the contractors and the expertise, give us the funds, the equipment and the tools, and we will get the job done, providing employment and a boost in the Nation's economy.

Mr. Chairman, this map represents city streets in Harlem, or any portion of the city.

¹ Method of providing public housing through purchase of privately produced construction from the builder, who follows general requirements instead of minutely detailed Federal specifications. On satisfactory completion of the project, the builder turns over the key (hence the name) to the public housing agency. This approach was first adopted in 1966; it is also used in the provision of rehabilitated housing for public housing tenancy.

² Federal payment of the difference between 25 percent of the income of a low-income tenant and the rent he must pay for standard private housing; a provision in the Housing and Urban Development Act of 1965.

We propose to acquire the city streets from the city, and acquire air rights and build half a building in the center of the street. We relocate the people from the slum buildings, the old law tenements, the substandard housing, and in so doing we demolish those existing slum dwellings.

As that area is demolished, that next half of that building is built. People from the next section of the block are then relocated into the next section.

We then come up with a complete block having been demolished, the people relocated, and an entire new housing structure created.

These plans have been shown in Washington. They have been shown to state representatives and city representatives, except before the City Planning Commission and the City Housing Authority, which we have not yet received acceptance from.

It is our recommendation, Mr. Chairman, for your further consideration, and we have this material, which we should be happy to leave with you.

MR. JOHNSON: Thank you. That is a very interesting looking project.

Mr. King: Let People Work on Education

MR. KING: Senator Douglas, and members of the Commission: I am not here with a prepared script, because I just knew of your coming around noon. I wish to apologize.

I am William King, President of the Community Teachers Association, a group of Afro-American teachers who works in slum schools. I should say that they have been consultants to the West 114th Street Council that you visited this morning.

I have been working with this group for the last two and a half years to effect an indigenous organization to organize, plan and run the programs directly, to solve the problems that they know and have been living with for all these years.

I am also connected with the National Association for the State of Negro Life History, and I am a teacher in a junior high school of this city.

As I understand it, you are interested in the general problems of the city. I need not remind you that the bulk of our population in this country is located in cities. This means that we have to renovate institutions, discard them or find new ones, and find innovations to cope with the problem situation.

I think the urban problems lie in three, or perhaps four, areas.

The primary one is education, the one that I am closely associated with and very disturbed about.

I would like to make a few recommendations, based on personal observations here in New York City and other parts of the country.

In the ghettos we find that children are decreasing academically as they grow older and go from one grade to the other. About 82 percent of all the children enrolled in the inner city schools of New York are

reading anywhere from one to two to three and four years behind their grade level.

This means one thing to me: The teachers' colleges, or those persons who have charge of training teachers in the schools, do not know how to train teachers to be successful in the ghetto. Also, it means that new materials are needed, new methods, and other types of innovations to cope with this problem. We have got to conquer academic retardation, and we have got to stop the school systems from making the children emotionally disturbed and socially maladjusted.

How can this be done? The college and the university must look to the new experts. I choose to call them the new experts, because people who live in poverty, who survive in poverty, know more about poverty than anybody else. People who are hamstrung with these debilitating conditions know what harm they do. I think they have the say-so in saying what the curricula of our universities should do, what teacher training institutions should have.

These I would call the new experts produced by the street, the neighborhood, the community, if you please. These people have been successful in raising families and raising children to get along and survive in the most complex society, healthy, though denied some of the bare necessities to keep body and soul together. They have also taught the children to communicate.

Mothers have been able to teach their children to speak and communicate to others in their own jargon, which is ignored in the universities. They get concepts and understanding over to these children. When they go into the public schools, they start deteriorating mentally.

Then I will refer you to some legislation that I am sure you are very well familiar with, the Education Act of 1965, particularly Titles I, II and III.

We have had a problem with the Board of Education, in that Title I money, as far as the requirement to consult people of the ghetto, the parents, and so forth, as to how programs should be constructed, or what programs should be constructed to overcome some of the problems in education that we have.

I think Title I says that we ought to try the methods and ideas or plans of parents, community leaders in the ghettos, where all of this academic retardation is, and get away from the professor who sits on the hill and writes about the poor people in the valley but couldn't understand how to communicate with the wino on the corner.

MR. JOHNSON: Could you please summarize?

MR. KING: Yes, I will. These people that I speak of, the new experts, can give a lot of help in developing new disciplines, bringing about new subject matter that can be put into new textbooks that would facilitate communication with middle-class oriented teachers, who don't have any touch or feel for the bodies that they stand before from day to day, and debilitate year in and year out.

We are suggesting that those people be used to overcome this academic retardation and other debilitating forces in our slum schools.

Ghetto Ownership of Business

There is another area that I would like to speak on, and that is business. I think ownership dictates preservation. I do not abuse something that belongs to me.

I am talking about businesses in the ghetto area. You have absentee business operators; people who live in the communities do not own the businesses. The money and the finances are siphoned off by people who live 20, 30, or 40 miles away. There is an attitude of resentment built up consciously by the persons who support these businesses. These people are not found in the churches and the schools and on the sidewalks during business days.

I recommend ghetto ownership and control of businesses, and the same thing is true with our housing.

Poverty in the slum — I will just make one statement on that. Eliminate the dole and improve welfare. Abandon all vestiges of social Darwinism in fighting the war on poverty and solving the problems of urban America.

We have got to develop and preserve the human resources of our cities, which is the greatest asset of our Nation.

After all, ladies and gentlemen, man is the measure. There is one very pressing problem that is very explosive, and I hate to be persistent here.

I live in Harlem. I am a member of a 90-man board called the Community Corporation, which has taken seven months to be formed, out of 25 others in the city. It puzzles me and many others of us. We worked for seven months to turn an organization called HARYOU Act — a privately incorporated body, the first organization in Harlem — into an open-end corporation, to create a people's group for handling the poverty moneys coming into Harlem. But we now find people who get the fat salaries living in Connecticut, New Jersey, and Westchester. And we have the talent right here.

We are hung again with this monstrosity, this bureaucratic monolith, HARYOU Act, strangling the efforts of the people to form their own organization, to serve their own needs according to OEO law, and a directive under the city administration called HRB [Human Resources Board].

There are just about four men in that organization who have strangled it during the past four years, who are still holding onto the power at the expense of the people. They are defying the people and the law that you helped pass in Congress, so that Harlem can get on with its Anti-Poverty Program.

All 25 other corporations have been formed, and one in Harlem has not been formed because of the present officers of the privately incorporated group called HARYOU Act.

I am sure that you can give some help to Mr. Shriver's office in helping us to bring to those people what they deserve and have deserved for three years. Thank you very kindly.

MR. JOHNSON: Thank you very much, sir.

Mrs. Smith: Harlem Parkway Community

MRS. SMITH: I am Mrs. Irene Smith. I wear three hats. I am a community worker with the Lincoln Improvement Council. I work with All Saints Church. And I work with the Harlem River Parkway.

I am here speaking for the Harlem River Parkway, and how the community was involved to build the Harlem River Parkway, a ten-block area from 145th Street to 132nd Street. We had full participation in this, and it really is coming alive.

Mr. Davis is here with me, and he can speak. We have really worked together with the community. Something really is beginning to happen in our community, which I appreciate so much.

We had a chance to bring our art into this area, and we will have a chance for our children to take part in the building of this area. It is a wonderful thing.

I am asking the panel today to please take heed, and when the community tries and asks you to help, let them take a part in it, in what you are trying to do for them. It will really come into being and cut down on all the trouble we have in Harlem. There is a vast amount of trouble. We haven't touched the surface of the trouble in Harlem. I am on the street every day. I see just what is happening to our children.

It is a crying need for expression all over Harlem, and this expression is what we are trying to do. Let us take part in what you are doing. We want to work together as a team.

I would like to touch on another area: low-rent projects. I live in one.

I came from out of the so-called tenement houses into the low-income project. It is no different. You move from one area to the next, and there you have a landlord living over the top of you with a stick, telling you how to eat and sleep, what you should do, what your children can't do.

The psychological impact is on your children. They have no way of eliminating the pent-up emotions that they have from the parents all the way down to the children. I know. I live with this, each and every day. And so I'm asking you to take heed of the cry of our community, and let our people participate and help in building a new Harlem. Thank you.

Mrs. Miller: The Matter with Public Housing

MRS. MILLER: My name is Diane Miller. I am also one of the women that wear three hats. I am a Girl Scout leader. I have been working in the community for years, and I am also a member of a 90-man board that can't get anywhere — the Central Harlem Community Corporation.

Mrs. Smith hit on one of my subjects — the project. I live in Abraham Lincoln Project. I am also a member of the Lincoln Improvement Council.

This is a project and they call them five rooms, or four rooms, or whatever. I am there now 19 years, and my family has grown. We have five rooms and no closets — a regular railroad.

I hope in this new urban renewal that they will have closet space and expansion for mothers. I am older, but there will be younger mothers that are coming in, and their families will also be growing up.

When you sit back, you forget that the little people, us, that produce so many babies, need space, closets, a place to put toys. I mean, we are human, too. Think of us.

You all have your ranch homes. You all can get out in a plane any minute. You don't know many days and many nights, in the summer, when you walk from block to block, asking the children, "Behave. Don't fight. Remember, when you do another woman is back there pregnant, about to deliver any day now." Her name is Mrs. Isaacs. She was also walking and asking the children not to burn. "Remember that you live here, and when you burn Harlem, you have no place else to go. There is no one else who is going to shelter you within their home."

The houses in Manhattan for middle income are high. Downtown you can see the fabulous homes going up. They are building them up here. They are pushing us out. They are not building them for us. I know you all know that. There is no way in the world that anyone can say these new houses are built for us, because we don't have the money to pay the enormous rents, and you all know it.

The robberies can be stopped in some of the project buildings, if they would give people more work. They could have a youth to even walk around and help people into the elevators at night. I am scared to go home from meetings, and everything. The people are using the project for addiction, personal problems, and everything else. The halls are smelly.

This is supposed to be a low-income project. They don't think of you. They have no regard for you. You are supposed to be low; so they let you live like that. But all of us don't want to live like that.

I don't want my children to be there, but I don't want to move away from here because this is my home. I would like to see it later on, when it is better developed.

Also, even in planning urban renewal, we still have our school problems, so while planning urban renewal, there should be plans made for better schools, just as there are for better stores. We don't need all the stores. We don't need liquor stores. They can be cut out.

There are no high schools in Harlem. A lot of people don't want them in Harlem because they want to be integrated. But the way I feel, I don't never have to be integrated as long as they send decent teachers here that are willing to teach the children. It is much better, and the fare that it costs them to go downtown can be saved.

I have six children. When I have to pay carfare every day it doesn't help me.

I would want a high school right here in this urban renewal plan. Put in a high school. Put qualified teachers; that is all I ask.

I am not asking any more than anybody else, because my taxes go in, too, and I am not getting very much from them. That is all I have to say.

Mr. Bennett: Negro Employment in Rehab Work

MR. BENNETT: My name is Arnold Bennett. I am affiliated with the A. Philip Randolph Institute. I am the liaison for the Institute to the grassroot area.

My mission before this Commission is different, because I have been before many committees around the country. After the committees were formed, they sooner or later died. From what I can see this afternoon, I hope I don't sit here all afternoon in vain, and see this committee die next week.

The Federal Government has appropriated \$8.9 billion for rehabilitation throughout the country. As I speak today before this committee, I would like to know what share of the economy is the black getting out of this \$8.9 billion?

This would create jobs for our youngsters that have become school dropouts. For the father of the family, again, he can get away from the welfare roll, and we can start a construction field. We are not begging for the Federal Government to give us any money. Our days of begging are past.

We are just asking a share of the economy which we feel as of today we are entitled to.

We have qualified engineers, qualified architects, qualified builders in all trades. We can build any high-rises throughout the country and train our own.

I will not take up your time, because I know you had a long day, but I will leave you with this message:

I heard one of the gentlemen ask Senator Kennedy a vital question, but he did not answer that question. He asked who he would prefer, United States Steel or the building trades unions. That was a very vital question that I feel he should answer.

The building trade unions in the City of New York are biased. We might as well call a spade a spade. A Negro does not stand a chance of getting in the building trades of New York City. His chance is ten to one that he will get hired in a top-skilled job.

But Senator Kennedy was very evasive in answering that question. I knew he knew better.

I believe that United States Steel would take over the housing and rehabilitation through the country, and I believe they would open up their doors and throw out the biased block that is holding us down throughout the Nation, and give everyone a fair shake and equal job opportunities. Thank you.

MR. JOHNSON: Thank you very much. Are there any other comments or presentations from the floor? If not, I would like to thank the people

who responded, for having come out. We will adjourn until tomorrow morning.

(Adjournment.)

*Cooperative Auditorium
New York, New York
Morning, September 7, 1968*

On this second morning of hearings in New York City, a variety of political leaders and urban specialists addressed themselves to the goal of decent housing in wholesome neighborhoods. They stressed the interrelationship of this goal with income maintenance, education and job training, employment opportunities, racial justice, and the revenue-getting and revenue-spending patterns of all levels of government.

WEB OF HOUSING, JOBS, SCHOOLING, FINANCES

MR. RAVITCH: I am very honored to be acting as chairman of this hearing today, as well as to have the honor to serve as a member of this Commission. I am particularly honored to welcome the Commission members to my home city, and particularly to the Lower East Side and to the kind of building that this cooperative represents in terms of the history of this city, and in terms of the problems that this Commission is studying and hopes to make recommendations on sometime next year.

We feel unusually privileged at the opportunity of having Mayor Lindsay¹ as our first witness this morning. He needs, I am sure, no introduction to anyone here.

New York is the thirteenth city that we have held public hearings in. The order has no significance. New York, as everybody knows, is a city whose problems are as big as its size, as its population, and as its geography.

Mayor Lindsay's efforts to solve these problems are well known, not just to the people who reside here but to people all over the country.

It is a very distinct pleasure, Mayor Lindsay, to welcome you as our first witness this morning.

STATEMENT BY MAYOR LINDSAY

MAYOR LINDSAY: Thank you, Mr. Ravitch.

Senator Douglas, members of the Commission: I am indeed greatly

¹ Elected Mayor of New York City November 1965; member 86th-89th Congresses. 17th District, New York; executive assistant to U.S. Attorney General 1955-57.

honored to appear before this important and distinguished Commission, and I hope I can contribute to the record of your hearing.

I am glad to see Dick Ravitch at this particular discussion, as he is an old friend, and a distinguished New Yorker. I tried to recruit him into the government service. I may get him yet.

As you suggested, Senator, in your letter, I shall focus chiefly on the subject of housing in this discussion. I must say I join you enthusiastically in your search for additional solutions for the housing problems of the cities in this country. I wish you well. I wish you luck.

During the Labor Day weekend, which is still recently in our minds, more than 600 people were killed on the Nation's highways.

The sporadic spectacle of death on the highways has in very recent times given very dramatic, even tragic emphasis, to highway safety. It has led to national action in the form of broad, mandatory reforms in the automobile industry, requiring manufacturers to spend hundreds of millions of dollars to insure the safety of the American public.

Here was an example of national concern resulting in action by the Congress and by the private sector. The billions that we had already spent on highways were not enough; we had to do more. The Congress reflected the mood of the country.

Today, one would have thought that there would have been at least equal concern for the safety and welfare of our cities. But even as yet no comparable commitment has been made to our urban centers.

The Long History of Concern

When the Urban Coalition called for government action to create 1 million jobs immediately, it was with the knowledge of a stunning fact: Winston Churchill had issued an identical call in 1906.

And more than 30 years ago, Langdon Post, the first Chairman of the New York City Housing Authority, spoke in the same vein during a talk on the city's radio station, WNYC, over which he broadcast every Sunday, trying to focus on problems such as housing shortages.

Shortly after the Harlem riots that occurred in the year 1935, Mr. Post told New Yorkers the riot was neither a race riot nor a Communist-inspired riot.

"The Harlem riot," he said, "was a slum riot." He continued, "As long as we condemn vast numbers of our people to live in squalor, in filth and degradation, just so long will we have a perpetual threat to the peace of the community."

That was a time, you recall, when Mayor Fiorello LaGuardia was pushing hard for reform. As you saw on your tour yesterday with our City Administrator, Jason Nathan, LaGuardia's words can also apply, because 32 years ago he said, "We call ours a great country. We boast of the progress that was made. We are proud to show off and boast of all we have accomplished. We meet distinguished visitors . . . and proudly show them our skyscrapers, and there are so many skyscrapers that they can't see the housing problem. We can't boast of skyscrapers in New York City as long as we have our unsanitary firetraps."

Those firetraps are still standing today in the city, in the form of 43,000 old law tenements, erected before the turn of the century. A million people live in these structures, which have been called, with justification, "The shame of New York."

In New York, almost 80 percent of all citizens rent their homes. Most people cannot afford to buy homes, especially those families in the lower income groups. Needless to say, only a very few of the residents of the city's acutely distressed areas live in one- or two-family homes.

What we have, as a consequence, is an overwhelming number of poorly housed families, living in rented apartments in old, multifamily structures. The combination seems designed to make every effort to deal with the housing problems even more difficult.

Within that framework of complexities, however, I think there are some positives, some achievements, even some innovations that will be of interest to your inquiry.

Achievements in New York

Let's begin with our middle-income housing program. In 1926, New York established a program designed to encourage the development of housing for middle-income families, families somewhat above the low-income level, yet not able to purchase housing produced by the free market.

Basically, the City and the State offer direct mortgage loans at interest rates somewhat lower than market to housing companies willing to restrict their profits and subject themselves to additional regulations, specifically in relation to the imposition of income limitations on their tenants. Beyond this, the City grants abatement and exemption from real estate taxes, and in certain situations will exercise its power of eminent domain to acquire the necessary sites.

A major portion of our publicly assisted middle-income housing was developed under the New York State Limited Profit Housing Law, commonly known as the Mitchell-Lama Act. This legislation, which represented a major breakthrough in publicly aided housing, was passed in 1955, and it enabled the City or State to extend direct loans to private developers. It also authorized the City to grant tax exemptions.

In return the developer limits his profits to 6 percent. The lending agency — either the City or the State — fixes maximum returns and sets income limits for tenants.

This program has been of special value in developing cooperative housing so that additional savings can be realized, and so that families can have the advantage of home ownership on reasonable terms within the City.

Cooperative housing has proved to be an outstanding tool for increasing the supply of sound, middle-income housing. Today in New York City about 33,000 families are living in these middle-income developments. Fifty-three of the developments are cooperative.

The middle-income housing program has also achieved, in some instances, a high degree of racial and economic integration. Through the use of brand new tools — such as leasing public housing for low-income families in middle-income neighborhoods — many communities throughout the city are beginning to show a new and healthier ethnic balance. Through a new process known as rent skewing — charging different levels of rents in the same development, depending upon what the tenants can afford — it is now possible to achieve more racial integration than ever before.

Second, we have developed a municipal program that provides direct mortgage loans to owners of multiple dwellings for the rehabilitation of their buildings. As in the middle-income housing programs, the money is raised through the sale of City bonds, and thus can be offered at below-market interest rates to the owners.

Again, tax abatement is not only a necessary but an effective inducement. New York is one of only four states in which cities are empowered to grant such tax abatement. The others are New Jersey, Missouri and Wisconsin. We make heavy use of it.

Under one of our programs, the sole inducement to the upgrading of deteriorated structures, or the conversion of structures such as hotels to buildings that offer standard residential accommodations — is the extension of tax abatement for a portion of the cost of the improvements.

Third, we have been carrying out a series of experiments on rehabilitation. You are familiar with the West 114th Street Project in Harlem, which you visited yesterday. In addition, we have a special demonstration rehabilitation program operated under an Office of Economic Opportunity grant. It ties into the Federal housing funding.

You also may be conversant with our initial success with the “instant rehabilitation” experiment on the Lower East Side. That is an expensive experiment, but we have hopes for it. Rehabilitation can be accomplished in such a short time that the tenants are temporarily housed in hotels and returned to their newly reconstructed apartments in less than 48 hours. As I said, the experiment shows promise and is to be continued in an area of East Harlem.

We also have a project going up on East 102nd Street in Harlem, where, with the full cooperation and participation of the United States Gypsum Company, new technologies and new materials for rehabilitation are being developed.

The City has launched a demonstration aimed at showing that a neighborhood need not be leveled in order to be a resource of good housing. The proving-ground was a 20-square block area on the Upper West Side of Manhattan.

It was, in effect, the City’s first large-scale effort in neighborhood conservation and rehabilitation, combined with new construction. Worthwhile buildings were saved. Unusable buildings were demolished to make way for the new.

The West Side Urban Renewal Project involves the clearance of 560

buildings — mostly old law tenements — for the construction of 40 new apartment buildings. Six of them opened for occupancy this spring.

In addition, 497 brownstone buildings — solid, once elegant four- and five-story buildings — have been marked for rehabilitation. The work has been completed on 155 of them and is progressing on 50 more. Another 96 are in various stages of preconstruction processing.

Besides large-scale rehabilitation, a program of conservation and code enforcement is being carried out in 65 structurally sound buildings. This ranges from simple cosmetic treatment to basic improvement such as new wiring. The basic approach to the West Side Urban Renewal Area has been to preserve and improve a neighborhood and make it possible for current residents to continue living there. Toward this end a special emphasis was placed on giving site tenants first choice for new and improved apartments there. In cases where tenants had to be relocated, the attempt was to relocate them temporarily to "holding areas" within the site until permanent apartments were ready for them.

In addition, we recently launched a major vest-pocket housing program that relies, in great part, on rehabilitation. We sent young Urban Core volunteers into the streets to count the deteriorated neighborhoods for small parcels of vacant land and for buildings that can be saved. They found enough to permit us to develop 8,000 units of housing without creating massive relocation problems.

We are weaving these findings into our overall planning for these areas. Most important, the vest-pocket housing program is a recognition of the need to develop as much housing as is possible within a short time.

Fourth, I think it is worth noting that in New York we have already committed \$15 million in our capital budget to the three Model Cities areas here, for which applications are now pending at the Department of Housing and Urban Development in Washington.

These are the South Bronx, Harlem, and Central Brooklyn areas. New York is the only city that has made a clear financial commitment of this magnitude to the Model Cities Program. Moreover, we are requesting an increase of \$10 million in that capital budget commitment — an increase that will go forward to our City Council and Board of Estimate.

I want to point out for this Commission's record that the applications for New York's Model Cities Program were submitted to Washington last spring. In August we were promised that they would be expedited. Now it is September, and we still do not have the money.

When the Model Cities Program originally fought its way through Congress it raised the hopes of those in the slums of our city, and those in the city halls whose responsibility it is to do something about those slums. When New York City undertook to set aside \$15 million of its own hard-won tax revenues for the Model Cities Program, it accelerated those hopes.

But the hopes held out by the Federal Government have not been realized on a Federal level. Once again, it seems, the bureaucracy has

met the rising expectations of the poor, the ill-housed, and the oppressed, with the empty rhetoric of promises and pledges.

Slum Improvement Must Be More Than Promises

We have intensified the hopes of the people in the ghettos, and we have buried them in the administration labyrinth to which they have been entrusted. It is not the first time. On many previous occasions we have heard the remote oracles of Washington forecasting a brighter day in the dark and fetid byways of the slums. That day has not yet dawned, and it has been the mayors of America — not the rearguard warriors of Washington — who have borne the curses of the resultant darkness.

If our national government truly intends to war against poverty, unemployment, and the inhuman living conditions of the bypassed city neighborhoods, we mayors welcome that commitment. But we must have the program, the funds, the action to build the tangible, visible representations of that commitment.

Hearing promises is old hat in the slums. Seeing results is all that counts. We mayors must deliver, and to do that we need more than advice or philosophizing. We need vigorous national support if we are to redeem the debt that the Nation has incurred through a century of neglect and oppression. If that support is denied us, all the wind in Washington cannot fill the bag the mayors will be left holding.

In the struggle to provide more and better housing, I believe New York City has taken the lead in bringing local communities into the planning, the preparation, and the execution of housing programs. We adopted this policy, not as a method of appeasing the residents of these deteriorated neighborhoods, but as a means to give them a role in determining their own futures.

As an example, there is a sorely deteriorating area called the East Harlem Triangle, in which the responsibility for the development and implementation of plans for improvement has been placed entirely in the hands of the community. I am not speaking of the middle-class community leaders from the Establishment. I am talking about people who are living with these problems every day.

We are using every resource at our disposal, some in unique ways, to meet the immense housing needs of this city. Perhaps other cities can benefit from the experience we are having with these programs in New York. I know we have learned from other cities, and even persuaded some of the best urban talent to join us here in our fight.

As bold as we try to be, however, together all of these programs form only a small attack in the battle against the slum. To be quite frank, the programs we are now operating are just not sufficient to do the job.

We are running some very promising demonstration rehabilitation programs. But they are not enough.

We will provide 8,000 units of low- and middle-income housing through our vest-pocket housing program — the largest single “pack-

age" of housing ever proposed. But it is not enough: We are faced with 500,000 substandard dwellings.

We have stepped up our municipal loan program from \$1 million a year to \$1 million a month. But this is not enough.

We have made a \$15 million commitment to the Model Cities areas, and are prepared to make an additional \$10 million commitment. But we are concerned with 800,000 people in these areas who need homes, who need jobs, who need education, who need health facilities and open space.

One program, however ambitious, will not be enough.

Clearly implicit in what I am saying is that New York City's own programs, however large by any municipal standards as they may be, are inadequate. Our middle-income program, our own unique municipal loan program, our own Model Cities Program — each is large, but they are attempts at local solutions to national problems, and they are not matched to the task.

Perhaps the worst insufficiencies are in the Federal programs. You know, and I know, there is a two-year backlog of urban renewal applications in Washington right now.

The Model Cities Program is the farthest that our Federal Government has gone in designing a program that might rebuild the slums. But that very Model Cities program forces us to make difficult choices, to limit and concentrate our resources on a few most critical areas of the city. And even at that level there is little assurance that Model Cities will be funded at an adequate level.

The FHA is operating a 221(d)(3) program, but the limits built into that program will so restrict its application in New York as to reduce it to surface scratching. HUD is running demonstration and pilot programs to aid low-income families in need of housing, but we have yet to see such demonstrations and pilot programs expanded into truly operational programs that can meet the needs for which they were designed.

Perhaps the worst failure has been in public housing. Public housing has been, for many millions of Americans, the only possible way by which they could have decent housing. We have 143,000 units of public housing in New York City, housing 500,000 people — more than the population of Phoenix, Arizona. But 135,000 families eligible for public housing are on the waiting list, and many thousands more are not on the lists at all.

We have built and built — but not enough.

As bad as the problem of physical renewal may be, the problem of social and human renewal is even greater. I am sure you know what the situation is today in our cities, in terms of the rate of unemployment, and level of income of Negro Americans compared with white Americans.

This disenfranchised section of our population has been cut off from economic opportunities. But it has been fully exposed to the powerful effects of advertising aimed at raising the level of consumer demand. Expectations have been raised by the private and public sectors with-

out at the same time providing any realistic means of fulfilling those expectations. Our economy and our government have not by themselves provided the economic opportunities that are necessary for the absorption of this great wave of unskilled workers into the texture of our society.

This is a problem we face here in New York and in every city in this country. It is a problem that requires a new and different response, a dynamic response that goes far beyond sole reliance on the automatic workings of a free economy.

This is what our new Human Resources Administration in New York is undertaking. There must be a new commitment to bring new programs, new forms of aid to people who need it most, in a way that is not paternal but that is avowedly activist.

The agency is not unique in being caught in a very drastic fiscal squeeze. The entire city is carrying an increasing burden in the responsibility for providing the necessary housing, facilities, and services to a growing poverty-level segment of the population.

We are simultaneously faced with an outmigration of the middle-class families, and many industries and businesses that contributed to the city's tax base. We are being forced into a vicious cycle. We are compelled to increase our tax rates. As tax rates increase, they tend to drive more people and more industries out of the city.

We will continue to be faced at the same time with rising costs of land, and of labor and of materials. The basic leverage of many of our housing programs in New York City is provided by tax abatement. Yet, there are clear limits to how far a city pressed in its fiscal resources can go in granting tax abatements.

In plain language, we in New York City are taxed right up to the hilt. To a greater or a lesser degree all of our major cities are struggling with the same fiscal straitjacket I have described.

In New York we have a real estate tax, a sales tax, an income tax, and more than a dozen other taxes. Through these taxes we raise about two-thirds of our annual operating budget, which for this fiscal year exceeds \$5.1 billion.

We have almost exhausted our ability to create through our local tax structure the revenues needed to even keep pace with our mounting municipal problems. We simply can't go it alone. We obviously need help. I hope the work of the Commission will contribute to a resolution to the question of how American cities can enlist allies in their fight to retain their identities as the social, economic and cultural centers of our domestic life.

It will require vast sums of money, and they are not to be found within traditional city limits.

I have been following the hearings of this Commission with great interest. You probably have heard the problems I raised today over and over again. Perhaps the repetition of the problems in the city may become like the repetition of statistics on traffic accidents. Then perhaps the national government will make the commitment necessary to prevent in the future the Detroit and the Newark and the New

Havens of 1967. Detroit and New Haven, it should be remembered, were cities where Federal programs had been operating most efficiently, and where they had been funded to the highest degree.

But, as Dr. Kenneth Clark put it recently: "The riots themselves are the best evaluation of what's been done."

Senator Douglas pointed out earlier in the game that perhaps the most important function this Commission can fulfill is to "educate and advise." I could not agree more. I hope that what you have seen this summer, and what you have heard in your hearings, convinces you that there are some very serious and very fundamental gaps that must be filled in America.

Gaps That Must Be Closed

I think you should use all of your resources to "educate and advise" the highest levels of government, on both a formal and informal basis, that we can no longer tolerate the existence of those gaps:

The gap between the size of the problems we face in our cities and the meagre solutions that have been offered.

The gap between the resources allocated to these critical urban problems and the resources allocated to other areas whose existing priorities must now be seriously questioned.

The gap between the time at which we recognize the existence of problems and the existence of a national willingness to meet the challenges in them, and the time at which the solutions are first proposed and authorized.

The gap between the time we initiate solutions and the time at which we complete them and carry through with them.

And most of all, I am talking about the gap between promises and delivery, the gap between rhetoric and action.

No one is suggesting that there are quick or easy solutions to the problems we face. The recognition of those problems is a first step, but only a first step. We know that the underlying conditions that give rise to urban discontent are not going to yield to solution in one year, or five years, or ten years, or perhaps even twenty years.

The problem of slum housing, for example, is not being discussed on a national level for the first time this year. It is almost 20 years since the Housing Act of 1949 was passed. It has not yet been fulfilled. At the rate at which we have progressed since then, it is going to be a long time before it is. I am afraid we cannot afford to wait that long.

There is a new spirit in the land, and we should recognize it, move with it, and lead it. It calls for some very basic reassessments of the road on which we are traveling and the direction we must take. I think that reassessment has begun, and I think that this Commission can play an important role in translating it into action.

For we need an unprecedented amount of public and private involvement before we can conquer the crisis in our cities, and this Commission can help enormously in making that involvement real. Thank you.

MR. RAVITCH: Thank you very much, Mayor Lindsay, for a very eloquent testimony. If you have the time, Mayor Lindsay, it is our customary procedure to direct a few questions.

MAYOR LINDSAY: Please do.

MR. RAVITCH: I would like to start with Senator Douglas.

QUESTIONS BY COMMISSION MEMBERS

Housing on Vacant City Lots

MR. DOUGLAS: *Mayor Lindsay, first I want to thank you for coming. I know how busy your life is.*

Many features of your testimony interested me very much, but there was one in particular that I thought especially interesting. That was your statement that you had found a large number of vacant lots inside New York City, and that you were planning to initiate building 8,000 housing units on them. It has always seemed to me that this is a great resource which people have disregarded.

I wondered if in your census you reached a total of the number of vacant lots inside the City of New York in the five boroughs?

MAYOR LINDSAY: The total? Well, that is hard. You have one figure if you include just vacant lots, and another figure if you include abandoned buildings which ought to be pulled down, and which we are pulling down.

MR. DOUGLAS: *Suppose you give each one.*

MAYOR LINDSAY: Is Jason Nathan [Administrator, Housing and Development Administration, City of New York] here to help me?

MR. NATHAN: I don't have the number off the top of my head. We can supply it by tomorrow.

MAYOR LINDSAY: I think you have to think in terms of many thousands. I am not going to say it is more than 50,000 or less than 50,000, but you are in this area — about 50,000 lots.

MR. DOUGLAS: *The census for 1961 had an estimate that there were 7 million vacant lots inside the cities of the United States. It is sometimes said that cities have exhausted their space and that you can't put up new units of housing inside the city.*

This would seem to indicate that that is not so.

MAYOR LINDSAY: Partially. Don't forget that there is a new emphasis today on urban centers, including our own city, for intelligent use of open space.

MR. DOUGLAS: *I understand.*

MAYOR LINDSAY: Increasingly, where we find vacant areas, in planning the future of that area the first thing we look to is the need for open space, for vest-pocket parks and vest-pocket housing, with sufficient open space around it for light and air and recreation.

MR. DOUGLAS: *In a good many cases are these lots in default of taxes?*

MAYOR LINDSAY: Yes.

MR. DOUGLAS: *And therefore, really, the property of the City?*

MAYOR LINDSAY: Right.

MR. DOUGLAS: *It would seem to me this is a very promising development. I want to congratulate you on seizing it.*

MR. BLACK: *I will pass to Mr. DeGrove.*

MR. DEGROVE: *Mayor Lindsay, since you have Jay Nathan to back you up, I want to ask you about a statement that has puzzled me. We read it in some of the material given us. It goes like this:*

No really low-rent housing is being built. New public housing rents for at least \$18 a room. There are no subsidized operations except for elderly households in public housing.

That puzzles me simply because it confuses my concept of how the public housing program works. Perhaps there is something different about the way it works in New York City.

Is it true that public housing units are coming in at \$18 a room?

Housing Costs and Rents and Size

MAYOR LINDSAY: Are you talking about new public housing that is being built at the present time, or are you talking about the public housing units that are being inserted into private housing or middle-income housing?

MR. DEGROVE: *Yes.*

MAYOR LINDSAY: If you are talking about them, you are in this area. In the older public housing, of course, you have a different proposition.

In the thirties they were able to build public housing which rented for substantially less, and thousands upon thousands of public housing units in the older projects in New York City are now rented, of course, at far lower figures. But in the new public housing that is being constructed, most especially the vest-pocket public housing — public housing that is being done by lease arrangement — you are talking in the area of \$16, \$17, \$18.

MR. DEGROVE: *This isn't really public housing for the very low income?*

MAYOR LINDSAY: That is true. If you take the arrangements that have been made on the West Side of Manhattan, for example, here we are providing public housing that ranges in the bottom. What is the figure on the bottom in the proposed development on the West Side?

MR. NATHAN: \$12 to \$14.

MAYOR LINDSAY: \$12 and \$13 on the bottom, but it does scale up. There is an insufficient number of units at the \$12 and \$13 level. It is very difficult to do it, and very expensive to do it, also.

MR. DEGROVE: *Does this mean that we really have to have some fundamental changes in the nature of public housing?*

MAYOR LINDSAY: Yes. The cost factor is the problem here.

This gives me an opportunity to throw in once again the other problem we have, which is the limitation on size. I'm sure you have heard that one around the country.

MR. DEGROVE: *Everywhere.*

MAYOR LINDSAY: If we could only get HUD to move its position on this one. If there is any reaction in the Congress over it, I can't believe it will be as violent as all that.

We need it very badly. As you know, we can't build big-family units. If we do it, we have to stuff in so many single-bedroom units to make up for it that it defeats its purpose.

MR. DEGROVE: *The \$20,000 limit figure is virtually paralyzing you in attempting to meet the needs of the large family?*

MAYOR LINDSAY: That is correct. Our big problem is the single mother with the large number of children.

MR. DEGROVE: *Is that \$20,000 limit a statutory or administrative thing?*

MAYOR LINDSAY: The executive branch of HUD has the power to change it. But they tell us they have been advised there would be a strong reaction in the Congress if they did. This is their reason for not changing it.

I think they ought to go ahead and make the change.

MR. DEGROVE: *Thank you very much.*

MR. O'NEILL: *Mayor Lindsay, we have heard again and again about the terrible length of time it takes to accomplish or finish any federally aided project — urban renewal, public housing or what have you.*

There is considerable evidence that at least 50 percent of the bureaucratic foot-dragging, is done on the local level instead of the Federal level. However, most of the foot-dragging is implied to be at the Federal level. Could you generalize on the foot-dragging as it applies to federally aided programs?

MAYOR LINDSAY: It lies overall. It doesn't necessarily lie wholly in the Federal level.

My main testimony here is with regard to the Model Cities. Our frustration is that there is still no action by HUD on the applications. We were told the applications would finally be processed, and we would be advised in August. It is now September, and still there is no movement on it. We must get going on it. We really can't wait much longer.

On ongoing problems, I don't care what it is, whether it is public housing, or whether it is some other federally aided program — FHA or a 221(d)(3) proposal, or what have you — that has some Federal funding in it, the delay is all over.

I would say that the chief delay is probably through the local machinery.

Dilemma of Delay with Full Local Planning

As you know, we are on the horns of a dilemma, here, on local planning. The planning of a program is supposed to be in the neighborhood, and that is the best way to do it. Something that is planned and built within the neighborhood, according to the neighborhood's wishes and design and planning, will be durable. Something that is thrust

upon them from the outside may be turned down. There is that difference — no matter how good it is from the outsider's point of view.

So if you start with the premise that there ought to be full local planning, you can really add months to your problem.

Then you have the political processes to go through, which are your City Council and Board of Estimate. This is true in all of the cities of the country, where they have their role to play and which bodies insist upon hearing this, that, and the other. The result is that you have a very long planning process.

Then there is the bureaucratic delay that occurs within the governmental machinery. Our city is no exception to that, too. We have it in our Bureau of the Budget. We have it in our Comptroller's Office, and in all of the fiscal double-checking machinery that we have got.

Sometimes you are even tied by the extent of public hearings that our Planning Commission has. Most of our use of land goes through a double hearing stage — probably three. There is one in the neighborhood with neighborhood groups of various kinds, and one in the Planning Commission, and one at the Board of Estimate, which is the highest political level. Sometimes these can drag on for a long, long time with great pressures antagonistic to what you are doing.

We are engaged in the scattered site vest-pocket public housing around the city in middle-income, middle-class neighborhoods. Even today before the Planning Commission, there are between 1,000 and 2,000 people who wish to be heard, many objecting.

This is a long process, because governments are increasingly sensitive to the charge that there is no communication. So they listen. But that listening process can go on for months, causing delay.

And so, among the fiscal checks, the budgetary problems, the Board of Estimate, the Comptroller's Office of the municipalities, and the papers that go down to Washington and back to the city and back again and so forth, it all adds up to a lot of delay.

MR. O'NEILL: *Thank you very much.*

Jobs as City Responsibility

MRS. SMITH: *Mayor Lindsay, could you tell me — it is perhaps ignorance — what program you have on employment, particularly, of the unskilled workers? Are there brand new industries being brought in? Are there city programs to give people jobs?*

MAYOR LINDSAY: Yes. We have city programs to give people jobs, particularly young men. We have had just this past summer a program in which we have had maybe upwards of 100,000 unskilled persons with special governmentally assisted programs of various kinds.

I regret to say that in the next two weeks 30,000 youngsters engaged in the Neighborhood Youth Corps will be out of work because the special summer program comes to an end, which is regrettable. It ought to be an ongoing and continuing program.

We are opening up our Manpower Training Centers in various neighborhoods of the city. We plan somewhere between 20 and 30

of them, I believe, in target areas under the Manpower and Training Commission within the Human Resources Administration for various purposes, public and private.

Our Police Department has set up a whole program of training young dropouts to get them through high school, paying them while they are being trained and taught, so they can get through high school, and then we pay them while they get ready for the police examinations. They have to take those examinations on the same footing as any other candidates.

So far the program is working very well indeed.

Our Fire Commissioner, Robert Lowery, is expanding his area in the same kind of attack for the Fire Department. The same is true with the Sanitation Department, and so on.

The private sector is beginning to mobilize itself in this area of hiring and training and guiding of unskilled persons who have had no exposure to the world of employment before.

We have just got through with a city-funded experiment in which we took over 100 mothers, each with children, most of them without a male around the house.

We trained them in a 15-week program, and then we have got them all placed, usually in blue chip corporations as clerical workers, typists and so on, with career potential work, arranging for day care centers for the children, meanwhile, with partial maintenance for those whose wages at the present time are not equal to their needs.

Our Manpower Division of the new Human Resources Administration just got through opening up, in the Brooklyn Navy Yard, its program for the training of 500 disadvantaged men in high-wage jobs in the trucking industry as drivers of trailer trucks, forklifts, and taxicabs.

This, again, is funded wholly by the city. No Federal money is involved. We are doing the whole thing ourselves.

We increased these programs in this area, industry to industry.

Our Planning Commission, in its resurvey of the whole city — I don't know if there is anyone from the Planning Commission who would have that figure on the number of vacant lots — is reassessing the use of land in our cities, to bring up the percentage of land that is used for industrial purposes, for jobs. Our percentage is too low; it is about 8 percent. We seek to bring it up to about 12 percent.

And so it goes. There are constant meetings with the private sector, company by company, bank to bank, commercial organization to commercial organization, to capture their interest and excitement in the advantages to themselves, as well as to the public, in adopting new approaches to job training.

I make the argument to the private businessmen in our city that they must have a whole new idea of their employees; that if the average company, for example, will decide to take 25 young persons — male or female — who have never been exposed to the world of employment, and teach them and train them, they will make a contribution that is unbelievable big, because the ripple effect will be so great. It is very

specific. But to do it they must quit thinking of their employees in terms of people who come at 9 o'clock in the morning and leave at 5 o'clock in the afternoon. They have to think of it on a 24-hour basis, a seven-days-a-week program.

We must know about the children, about transportation, about maintenance levels, costs at home, the domestic problem that exists. They must make it their responsibility to solve it with government help in order to do so.

If each of our major companies were to do that kind of thing, if they would do it throughout the country, you would have a whole new look at this problem.

MR. DAVIS: *Mayor Lindsay, your testimony this morning once again demonstrates the common ingredient in all of our urban problems: lack of money. Lack of money for existing programs, and lack of money for new programs.*

MAYOR LINDSAY: And talent, I would say money and talent.

MR. DAVIS: *Money would bring talent.*

MAYOR LINDSAY: Money and talent are the two ingredients. You have to have people to run programs. Actually, you need three things: Structure, people and money.

Cities Need Operating Money for Extras

MR. DAVIS: *If money became immediately available, do you have a priority of use for it? I know Commissioner Nathan would like to get his hands on some of it. I am sure the Board of Education could use a big chunk of it. How would you, a mayor of a city, determine in today's life just what that money would go for?*

MAYOR LINDSAY: I don't want to be technical, but it depends on whether you are talking about capital money or operating money. The mayors of the country are being strangled on their problems of operating money. This is what is killing them.

Our backs are to the wall, under pressures of collective bargaining, and the costs of running municipal government are appalling. What is killing us is the expense budget, the operating money.

Capital money is a little easier to obtain. As I pointed out, we have sufficient flexibility in our system so that we were able to allocate \$25 million to the Model Cities Program. This is capital money.

The only Federal programs in recent years which give us the operating money that we need to pay wages and salaries, and other everyday costs, are the Poverty Program, the Community Action Program, Medicaid, and Title I in the Federal Education Act. These are important.

If you are talking about capital money, I would say the number one priority would be housing. If you're talking about operating money, here it would be very difficult to say which comes first — police, fire, sanitation or all the basic services that are so critically important, or teachers.

But I would think that if you're going to put operating money — expense budget money — towards crash programs that are needed now, the first priority would be jobs.

MR. DAVIS: *Since we all know that New York is taxed to the hilt, would you then recommend that the Federal Government take over some of the programs that we are now operating ourselves?*

MAYOR LINDSAY: I would certainly recommend that the Federal Government do that. It would have an enormous relief effect if they would, but the Federal Government at the moment is threatening to retreat.

I recommend that they take over, but if they will only hold what they have got, we would be somewhat grateful. These amendments that they shoved into the Social Security Act — these amendments on welfare — and then the amendments on Medicaid will cost us in the City of New York \$40 million a year, which we will have to finance.

The welfare amendments are so unrealistic and so unfair; they represent an incredible retreat. We will have to recheck the figures, but I believe that one alone will require \$40 million from this city, and \$50 million from the state.

On Medicaid — again I will have to recheck on that — I think we are talking about another \$40 million. This is close to \$100 million that is threatened at the moment.

On Medicaid, Congress right now is moving to cut back Medicaid levels here in New York. If those levels are cut back, these are not people that we can just say, "Go away and take care of your own medical arrangements." We will have to do it. We have no choice. We have done it before and we have to do it now.

Medicaid was a great blessing to us in picking up some of the burdens we have. Now they threaten to cut it back.

The big headache we have — which is a very unpopular thing politically, too — is welfare. This is an area I would think where if the Federal Government would take over the whole package it would make sense, particularly as we move gradually into the area of partial maintenance, because when you get in the area of partial maintenance you are talking about guaranteeing a bedrock level of subsistence.

If you want to stretch a point and stretch words and language, this is in effect a kind of new social security system.

Social security is well administered at the national level. It reduces the inequities between regions and between cities, and between North and South and East and West, and between big cities and little cities, thereby reducing the temptation for population migration for economic reasons.

If the whole welfare funding, and indeed the whole administration, were taken over by the Federal Government, it would have a double-barreled effect. It would ease enormously the expense budget burden that we have, and that is not capital money. That is expense money. It would also, I am sure, tend to even off some of the problems that exist in the country that are now treated separately for various areas and regions, for reasons that are all too well known to yourselves, particularly the Senator, who has been on Capitol Hill for many years.

MR. DAVIS: *Thank you.*

MR. BAKER: *Mayor Lindsay, recently in Southern California we had a demonstration in the community of Watts in which some of the people within this community have attempted programs to provide employment, business enterprise, and programs of various kinds there.*

The local administration received these with something less than enthusiastic support or interest.

But you demonstrated an interest sufficiently so that, I understand, you sent someone out there to investigate this program.

MAYOR LINDSAY: *That's right.*

MR. BAKER: *I am interested in your reaction and your thoughts about what these people are attempting to do for themselves.*

MAYOR LINDSAY: *In Watts? Well, we sent people to Watts and other areas, trying to pick up ideas about what is being done right in some areas that we are not doing here in New York.*

There is an effort being made in Watts. My report, at least from my own people that went there, indicated that the private sector is trying to do some interesting things there. I suppose it is too early to assess the conclusions, but there is some movement which is encouraging that we found, at least. We picked up a few ideas ourselves.

MR. BAKER: *My question, then, would be, if this similar situation arose in your city, would you as an administration, support this program?*

MAYOR LINDSAY: *Oh, yes, absolutely, and vigorously. We have got to. This is what this Urban Coalition is all about that we have been talking about.*

The private sector, which means commerce, business, and labor, have got to work together with municipal government. That is the only hope, backed by the Federal system.

That means that there is going to have to be a great deal of give, experimentation, and mistake-making, even on the part of labor and business, together with municipal government. Both have to open up their doors, and they will need the help of the local government to do it.

Police and transportation, and funneling the people, neighborhood problems, day care centers — it all has to be coordinated together, and it is not easy.

Homeownership, Yes, but Public Housing Too

MR. FEINBERG: *Mayor Lindsay, I couldn't possibly agree with you more when you said that the urban problems are such a Herculean task, of such magnitude, that it is quite impossible for the cities themselves to absorb and care for the responsibilities which have been thrust upon them. I realize that the greater percentage of our population exists within these urban areas.*

I am very much interested, however, and I also agree with you, that it is more than just bricks and mortar.

But just for the purpose of the question in my mind, may I concentrate on housing itself.

The Mitchell-Lama Act, I believe, is designed to take care of middle-income housing. Is that correct?

MAYOR LINDSAY: Yes.

MR. FEINBERG: *The real problem, as you have stated and emphasized so well and eloquently, is in the slum areas — the real low-income group.*

But I also took note of the fact that you mentioned home ownership in your testimony, and you emphasized the point. This rings a bell with me, and with all of our members of our Commission, I am sure.

There is a lack of public housing, too, in this city of New York as there is elsewhere, and for many and various and sound reasons which we need not debate or discuss now. But, Mayor, what I wanted to know is your opinion as to this aspect: If there is to be help given, and since public housing itself absorbs or encompasses a subsidy, obviously for the private sector to reach these families who are so sorely in need of decent housing, there also will have to be some kind of a subsidy.

What is your recommendation, insofar as the Federal Government's role? If it should play a role — beyond the FHA programs that have already been promulgated, and which fall far short of the real goal they originally were designed to reach — what is your opinion, your feeling, as to whether or not a greater concentration should be made on creating a program including a subsidy which would give more private home ownership or more public housing?

MAYOR LINDSAY: I think you need both. I think there are some very important discussions going on in Washington at the moment on the role the Federal Government can play in making available home ownership by various devices and techniques, all involving money in the end.

MR. FEINBERG: *That's right.*

MAYOR LINDSAY: Or backup of money; the guarantee of programs of various kinds to the private sector that will keep them involved, and that will safeguard the private sector from going under as a result.

I think we would all agree that it is desirable to have home ownership and the concept of home ownership instilled in people's mind and then made possible.

If all of our housing in Harlem and elsewhere could be cooperative housing or condominium housing, it would be preferable. But it can't be, for two reasons, for the time being at least: One, money. Who can afford it? The people in these communities cannot afford it. They just don't have it. These are people who are living on the lowest possible income levels without two nickels of capital, and no means of borrowing it, either.

Until and unless government sets up a means of borrowing it, and at the same time raises the level of income under which persons in these ghetto communities are living, as a practical matter you are not really going to be able to develop a program of cooperative or condominium living.

There is another problem, too: that is the attitudes about cooperatives. Even persons with some means resist the notion of buying an apartment. They don't fully trust it. This is not just true of the poor. This is true of the non-poor, also. You have to break down that attitude if you are going to really make movement. Therefore, while I think firmly and positively in that area, because it is highly desirable to do so, at the same time you have to do something about the backlog of rental apartments that people can afford.

As I said, we have over 100,000 waiting, who are clearly eligible for public housing in our city, but we can't do anything about it because we don't have enough.

MR. FEINBERG: *I understand that and I appreciate it. You do believe in the encouragement of programs of private ownership, but they must be supplemented with some type of public housing?*

MAYOR LINDSAY: Yes. Some intelligent efforts are being made on Capitol Hill by members of the Senate and House at this time, which are contributing to a healthy discussion on this.

MR. FEINBERG: *May I ask one more question, please, about your housing code enforcement here in the City of New York? Just how strict or how active is your program on housing codes?*

MAYOR LINDSAY: It is not active enough. Jason Nathan is taking steps that we think have to be taken to make it an active program. We have full-time people on it now, and full-time designated areas on code enforcement. We have received our first Federal code enforcement money, which will be applied to designated areas that need it most — the Bronx and Brooklyn — and we will move forward on it.

We also have had terrible problems, of course, in this city, as in other cities, in code enforcement in single-family and in two-family homes. That has been a headache.

MR. FEINBERG: *Thank you very much.*

MR. JOHNSON: *Mayor Lindsay, I would like to go back for one second to this question of low-rent housing. There are 143,000 units under the New York City Housing Authority now, I understand. How many are on the boards now or under construction — purely rental public housing units?*

MAYOR LINDSAY: We are going at the rate of about, I believe it is, 6,000 a year.

MR. NATHAN: Yes.

MAYOR LINDSAY: Our rate is about 6,000 a year. That is the production line. It is about steady on that basis.

Adjust Housing Aid Limits

MR. JOHNSON: *One of the unfortunate things we have seen in the larger cities is a slowing down of the public housing program, owing to a great many different things — land costs, changes in policy, questions of building costs, and all the rest. It is going like crazy in the South, the Southwest and Southeast.*

I would like to raise another question, Mr. Mayor. We have heard a number of times that legislation designed to help cities, written nationally, is very hard to work with when you are talking about special cases, special problems.

New York is one gigantic case. I wonder if you would comment on some way greater flexibility could be written into programs or legislation that would make possible the use of these programs and legislation by the cities who have special problems.

MAYOR LINDSAY: The maximum flexibility is always desirable, and we do have special problems in New York and special situations, largely stemming from the size of the city, and the vast numbers of low-income families that we have.

You do need maximum flexibility. To some extent we have had it. Special exceptions were made for New York. I am not sure they were right — Title I, for example. If you will recall, New York operated under a very special Title I arrangement that differed from any other city in the country because Bob Moses was able to engineer that.

In hindsight, I am not sure it was right. But it was at the time. I think it probably was the right decision because of the special headaches in this city.

I am not sure what you mean specifically about any particular program with special flexibility. If you want to put in a plug for special flexibility, this is your chance, Jay.

MR. NATHAN: If we had five minutes, we could mention some specifics that we talked about informally with the Commission. For example, the FHA 221(d)(3) program is a very important program, but in terms of new construction in New York City it is virtually useless.

Number one, without a tremendous land write-down it won't work. You have got to combine it with the write-down, plus tax abatement. Even then new construction, under 221, has a \$17,500 limitation, which is simply ridiculous for New York City.

Number two, in our Mitchell-Lama program, in the last two years, the average per month rentals have gone from \$25 per month — which is the level toward which the program was designed — to \$35 — of which 45 percent is the increased interest, and 35 percent is the increased cost.

In view of the fact that New York State Constitutional limitations prevent the city from providing interest subsidy for Mitchell-Lama financing, is there any reason why the Federal Government could not provide a comparable type of interest financing subsidy for recognized valid state or local middle-income programs, without devising a whole new Federal bureaucracy?

Cannot the same kind of interest subsidy apply to (d)(3) as applied in Federal grants to a Mitchell-Lama program?

By the same token, another irrational limitation is the public housing limitation that the Mayor mentioned of \$20,000 per dwelling unit. We were heading up to that \$20,000 per dwelling unit limitation in 1964. It is now 1967, and costs have continued to rise. And we are still stuck with the same \$20,000 limitation. The irony of that \$20,000 per

dwelling unit limitation is that it works in the wrong direction. It directs the Federal public housing program toward small family units in order to produce \$20,000 units, as the Mayor said, so you keep coming up with one-bedroom units.

Is there any reason why, if someone is going to take the bit in his teeth in terms of a change in HUD regulations — despite Congress' feeling that \$13,000 should be adequate — that that limitation cannot be changed from a per dwelling unit limitation to a per room limitation? So then, if you have the need for five-bedroom units — which we have — we can achieve those within the HUD limitations, but on a realistic basis.

Let me mention just one more. The rehabilitation program that we all place so much hope in as a new Federal program of an actual, outright rehabilitation grant: It is beautifully designed for every city except New York City.

The Federal rehabilitation grant program provides a grant of up to \$1,500 per dwelling unit for rehabilitation for low-income property owners. How many low-income property owners are there in New York City? I don't think that there are many slum residents who own apartment buildings. It is virtually inapplicable and unworkable in New York City.

MR. JOHNSON: *Thank you very much. That is very much to the point.*

MAYOR LINDSAY: I was suggesting to Mr. Nathan that now is the chance to add anything that ought to be heard.

MR. RAVITCH: *We would be seriously most interested in receiving from you, Jay, a written communication spelling out in detail.¹ This kind of problem we're looking into in considerable detail, and these kinds of discrepancies and inequitable results produced by Federal legislation are very much within the purview of this Commission.*

MR. NATHAN: Could I just mention, Dick, that some of those specifics that I mentioned have been batting around for five years in the various laundry lists of needs of housing agencies? I will not be giving you anything new.

I will try and restrict it to a few relatively simple but very decisive possibilities, like those I just mentioned. The list could be endless.

MR. RAVITCH: Mayor Lindsay, we are extremely grateful that you took so much time out of what I know is an incredibly busy schedule to be with us today. We express our thanks to you.

I might mention that it is the procedure of this Commission to invite witnesses from the public to testify, in addition to the scheduled witnesses. If anyone wishes to testify at the end of the morning or afternoon sessions, we ask you to identify yourself when you come up, please, and plan to limit the time of your remarks.

We now have the good fortune of having two very distinguished gentlemen appearing before us: Mr. Bayard Rustin and Mr. Charles Abrams.

¹ See page 311 for written submission.

I would first like to introduce Mr. Bayard Rustin.¹ I am sure he is well-known to all of you. The passion and conviction with which he has been a leader in the civil rights movement in this country for many years needs no elaboration from me.

I ought to mention that we're going to ask both Mr. Abrams and Mr. Rustin to make their statements, and then the members of the Commission will direct their questions to either or to both.

STATEMENT BY BAYARD RUSTIN

MR. RUSTIN: Thank you. Senator Douglas, members of the panel, ladies and gentlemen: I submit, as the testimony I should like to give today, a document which is before the Commission, "A Freedom Budget for All Americans."

Spit, String, and Scotchtape No Solution

One of the things that document makes clear is that the problems we face cannot be handled with the spit, string, and scotchtape approach which we have heard discussed here this morning, and which time and time again, we have heard discussed throughout the Nation. The problems of housing, jobs, urban decay, education, are all so entwined that any effort to deal with housing that is not part of a master plan which also deals with education and jobs, or any effort to deal with jobs that is not part of a master plan to deal with housing and education, will be unsound and will not work.

Let me give an illustration. The Federal Government says that it is interested in dealing with the problem of employment, but its approach is incorrect from the beginning. If one looks at the War on Poverty today, one sees that it is not structured to deal with the problem of work and the reconstruction of the family of the poor in the way that this problem is traditionally dealt with in America.

Traditionally — whether we are talking about Jews or Italians or Irish — the effort has always been to avoid putting the burden on the individual family, and focusing upon social reconstruction to make the head of the family economically independent.

Therefore, I would describe the War on Poverty as another spit-and-scotchtape effort precisely because it is calculated to ignore the heads of Puerto Rican and Negro families, and to go about doing piddling little things for youth, many of which things would not have to be done for youth if heads of families were made economically independent.

Or, let us take all this talk about reconstructing the cities. The amount of money so far given by the Federal Government to recon-

¹ Leader of 1963 March on Washington. Executive Director, A. Philip Randolph Institute.

struct cities — and they call the program by such a variety of names that I can never keep up with which one of the government agencies is now supporting what — the total amount of money is less than that which was required to plan and build the Pan American Building over Grand Central Station in New York. Obviously, this also is a spit-and-scotchtape approach.

Moreover, any efforts to deal with these problems — which again, are not part of a master plan of social reconstruction — are bound not only to fail but also to have raised aspirations so high as to create intense frustration and disorders. Clearly, therefore, one of the fundamental causes of the summer discontent has been that the government has, by using such words as “Great Society” and “War on Poverty,” revolutionized the aspirations of people while, day after day, the facts of their lives have remained precisely the same. For instance, with all the billions of dollars supposedly being spent, Harlem and Bedford-Stuyvesant look the same today as they did last year.

I reiterate, therefore, that one of the reasons for this is because we have not approached the problem in the thoroughgoing manner that is required. To do this, we are going to have to reestablish our priorities. We are going to have to institute social planning, as all intelligent European countries do, without being, in any sense, Communistic. We are going to have to reorder first things first.

In this connection, I should like to say a few things about what, in fact, is in this document, “A Freedom Budget for All Americans.” The document, first of all, says that all those who are willing and able to work should be put to work.

Private enterprise — and let’s stop fooling ourselves — is neither going to train nor to put to work the hard-core poor. Private enterprise is interested in return on its dollar. It is not interested in putting the untrained to work, because private enterprise will not need in the future the skills of the vast majority of that hard core.

Secondly, all those who are not willing and able to work must be provided with a guaranteed income, consistent with life in the affluent American society.

In this regard, as a corollary, there must be decent and adequate wages, because young, hard-core poor Negroes, are living in an affluent society, where they are told by television that they’re nobody if they don’t have a car, and if they do not have all of the nasty things which are useless. There are conditions under which they will work, and these are four in number.

First, that the job is full-time and not summer foolishness to stop riots. Any young Negro who is given a summer job merely to stop riots is getting less than he deserves, and the society is immoral to dare to offer him any such job. It must be full-time work.

Second, the wages must be adequate. Young Negroes are not going to work for \$40, \$50, \$60, or \$70 a week any more than members of this Commission will. There must be upgrading in these jobs, and if there is not the possibility of upgrading, young Negroes will prefer

to live by their wits in the streets, at which they can make more than \$80 a week. There must be a sense of dignity.

Third, we must insure a decent living standard for all of those who cannot work (which in other terms means a guaranteed income for those too young, too old, or too crippled to work).

Fourth, the Freedom Budget calls for the wiping out of slums.

I want to make it quite clear what we mean by the wiping out of slums. Harlem and Bedford-Stuyvesant cannot be rehabilitated by either private business or government, by simply patching up a lot of old buildings and constructing amongst old decrepit buildings a lot of so-called new housing, which in a year or two will be decrepit too.

Density Is the Problem

The problem with the ghetto and its culture is the density of population. If we are not permitted to move one-third of the people out of these areas, the areas will continue to deteriorate. So I hope this Commission will not fall for the notion that private enterprise is going to have any appreciable effect on providing housing for the poor.

A few days ago, in talking with David Rockefeller, it was made clear to me that the private sector of this economy will not provide housing for the hard-core poor, and for a very simple reason — there is not sufficient money in it for them.

Next, we need to provide decent medical care and adequate educational opportunities for all Americans at a cost they can afford, which means that the ghetto poor will be educated only when the government not only pays for their tuition and for their books and for their board in universities, but also pays them a stipend for, in fact, going to school.

Then, we need to purify our air and our water, and to put the poor to work doing this.

I want the poor to be helpful to poor Senator Kennedy, who cannot now take his children on the Hudson because his doctor has told him the place is too filthy. I would like to see the Senator take his yacht up the Hudson, but I want the poor put to work cleaning up the Hudson.

I want to be nonpartisan; so I also want to help our poor Governor of the State of New York, because when he walks the streets of New York he is as poor as any Negro walking on Lenox Avenue, because they both breathe the same filthy air.

What “Freedom Budget” Recommends

The Freedom Budget calls for putting to work all those who are able and willing to work. They can be employed in doing socially needed things; performing services for the rich and the poor; building roads and new subway systems; and building schools and hospitals. For let us not fool ourselves. You cannot take one-tenth of the popula-

tion, including Negroes and Puerto Ricans, and through private enterprise and through piddling projects train them. People are trained in a socially mobile situation, where government takes the responsibility.

Here is an example. During World War II, no one argued about who was going to work. The Federal Government put up factories to build airplanes in North Carolina and in California. They did not say, "This woman is too old; this girl is too young; this man is too black; this one is too Puerto Rican; this one is something else." The Government simply said, "This is the factory. This is a tool; this is a saw; this is a hammer; this is a chisel; this is a drill." Those people went into those factories and in a socially created situation. There was no talk of Head Start and no talk of training. Within three months they created a miracle: These blacks, Puerto Ricans, aged, and crippled built planes which flew.

Unless we are going to approach the present problem in that manner, we are in for serious difficulties in which this society is going to be torn to bits, and deservedly torn to bits.

Finally, we need to create a social security system to meet the needs of everyone in an affluent society. And this means getting rid, once and for all, in all of its filthy aspects, of the whole notion of welfare in this society.

If we do not do that, and if we do not have a master plan for doing it, as this Freedom Budget calls for, then we are in trouble.

The Freedom Budget calls for the expenditure of \$185 billion in the next 10 years. If we are not prepared to spend that, if we are not prepared to have social planning, if we are not prepared to change our priorities, I can assure you that these spit and scotchtape projects can only lead to more hope and thus more frustration, and thus to the rending of the fabric of this society.

MR. RAVITCH: Thank you very much, Mr. Rustin.

In many respects our next witness perhaps should have been the first that this Commission called, because there is probably no one in the country who is more knowledgeable about the problems that this Commission is studying.

Mr. Charles Abrams¹ has devoted his life to the study of the problems of housing and the problem of improving the quality of the urban environment.

I might add that I think in some ways Mr. Abrams' greatest accomplishment is the fact that he has been a source of inspiration and wisdom to many young people in this field. I am flattered to include myself among them.

¹ Chairman, Division of Urban Planning, Columbia University. Consultant, housing missions abroad for United Nations, and Aid to International Development. Author, including *Urban Land Policies and Problems*, *Forbidden Neighbors*, *Man's Struggle for Shelter*, *The City Is the Frontier*. Counsel, New York City Housing Authority 1934-37; Housing Shortage Investigation 1936; State Rent Administrator, New York 1955. Chairman, New York State Commission Against Discrimination and member Governor's Cabinet, 1955-59. Director, member executive committee, National Housing Conference; president, National Committee Against Discrimination in Housing.

MR. DOUGLAS: May I add a word, Mr. Ravitch? I have always felt that Charles Abrams is the most uniquely qualified man in the field of housing and city planning in the country.

I first met him when he was in the Cabinet of Fiorello LaGuardia, the great mayor. He has had experience in every level of government. He has been a vital participant and also an impartial observer, and I want to thank him personally for coming here this morning and giving us the benefit of his wisdom.

STATEMENT BY CHARLES ABRAMS

MR. ABRAMS: I wish, Senator, that that wisdom, particularly on housing, could be capsuled into 20 minutes. But I have said everything that I know about housing, and all of its potential solutions in two books: One on the United States and one on the world problem.

I suppose I should have offered them in evidence and rested, except for the fact that since I wrote those books I have learned a great deal in the last 10 months from a study I made of the situation in Philadelphia, and from another study of the housing problems of the Eskimos which I made for the Alaska State Housing Authority. Both of these reports point an interesting lesson; and that is, that there is no homogeneous housing problem in the United States.

Cities Not Alike in Housing, Renewal Needs

All cities are different, but we have set up a hierarchy of Federal programs to which every city, regardless of its unique conditions, has to conform.

Yet, urban renewal may not be relevant in some cities. Certainly it is not relevant in the Eskimo villages of Alaska. It is also not relevant in cities where there is an extreme housing shortage and no land on which to expand the housing supply. In these cases, housing and renewal should be undertaken on a regional basis, with regional renewal rather than city renewal.

Let me go to Philadelphia, on which I have just written a 70,000-word report for the City of Philadelphia.¹

I found that Philadelphia had homes in move-in condition in Negro areas that could be bought for \$1,500 to \$5,000 each. They need no subsidies. At 5 percent interest and a 20-year mortgage you can house people in many of these houses who are in the relief category, at \$50 a month. Yet you find that the public housing agency is building housing at a cost of \$20,500 per unit, that private enterprise is building decent three-bedroom housing in the city at \$12,500 or \$12,000, and that good used housing all over the city in the Negro areas can be bought at less than \$5,000 each.

¹ See footnote, page 131.

This doesn't appear in any Congressional hearings. Nobody knows about it.

This situation is certainly not true of New York City. It is not true of Chicago or of San Francisco.

But from the evidence I have, it is probably true of St. Louis and of many other cities. In St. Louis, for instance, they are buying houses at \$1,500 each in Negro areas and reselling them, after remodeling, for \$7,000.

If you look at the 1965 findings of the Census made by HUD of 135 cities, Negro families displaced by urban renewal in these cities found housing — good housing — at rents not much higher than the houses from which they were displaced.

What I am getting at, then, is this. There have been very sharp changes in the housing situation since 1960. Millions of white families have moved to the suburbs. Millions of Negroes have moved into these areas, and they are in income categories far lower than the white families whom they replaced.

When you have families who are earning only \$3,000 a year as against \$7,000 or \$8,000, and they are the only bidders for houses, then the market — regardless of the replacement value of the houses — begins to conform to the effective demand.

In these Negro areas prices have gone down also, because FHA — who I think is the villain in the piece, if ever there was one — refuses to go into these areas.

FHA was the major discriminator against Negroes and other minorities from 1935 to 1950. Today it is still discriminating — not on racial grounds, but on business grounds. The victims are the same.

If you look at the figures of FHA, you will find that whereas in 1950 about 48 percent of their insurance was for families with earnings of \$4,000, today the proportion is down to 1.5 percent; this despite the fact that in these Negro areas house prices have catapulted.

The reason is that FHA is simply not set up to make insurance available for Negro families. It considers it a bad risk. And so, as a result of the absence of mortgage money, you get a descent in prices. You also get a descent in prices because of the fact that fire insurance is difficult to obtain in many of these areas, due to vandalism. You get a reduction in prices, also, because this is all these people can pay, and because whites are moving out faster than Negroes are coming in, in many cities.

What I am getting at is this: what we are lacking in this country is a study of the situation as it exists today. We are still conforming to the 1960 figures, to legislation which is an overhang of 1950 theories; we do not know the situation of each city in the United States. Until we do, we simply cannot effect a workable program that is meaningful.

Cities are simply unlike. I want to point out, also, that when you talk about the housing problem, don't talk only about houses. You have got to talk about neighborhoods. You have got to talk about all the problems that these people have.

Housing Problem Is More Than Houses

My definition of the housing problem is that it is more than just houses.

It is not only the noise and the filth, but it is also the neighbors and the depressed atmosphere of the street. It is lack of a good school, which is also important in housing. It is lack of space in which to study, and it is the dope peddlers on the street, and the bad company that tempts the child. It is the lack of a place in which to play, the absence of heat on that bitter cold day, and the surplus of heat on the hot one. And it is the eviction notice to make way for a middle-class family, or a housing project that one can't get into.

On a national basis probably less than 20 percent of our displaced families ever get into a public housing project, and I am not talking about those displaced by code enforcement. In Los Angeles I found that only about 1 percent go into public housing.

Housing is also the cynicism that one feels because one's neighbor has the connections to be accepted, and he hasn't, because his child is a delinquent or for some similar reason.

The housing problem is also the inability to get a mortgage, the lack of safety, and the tenant that throws the garbage out of the window. It is the attitude of Whitey in excluding the Negro from the suburbs, and let me tell you that played a part in the Watts riot. It is also the look on the broker's face when a Negro family tries to buy a house in the suburbs, one of the houses that are foreclosed that you have referred to, Senator Douglas.

In short, the housing problem is the whole aspect of life. If it is the high rent one pays, it is also the little food one gets. It is the sordid neighborhood, which consists of multiple deficiencies and distortions that are never tallied on a census taker's sheet. It is the sum total of all the frustrations which weary the spirit and try the temper. And unless you broaden your definition of the housing problem, and stop thinking in terms of houses, we will not get anywhere with this problem.

Housing is also the inability of the city any longer to support the services that its people need.

You know, if you look at the figures, Senator — and I have read your statements about the distorted political situation in this country, in which two Senators from a state with 250,000 can have the same vote as the Senators from a state with 16 million — the fact is that cities can no longer take care of their problem situations.

That cities are supporting education today is an historical accident. It is because the function of the Federal Government was thought to be foreign affairs and a few other specific programs. You now have the horrible social problems, and the great educational needs, with the tensions and payrolls rising, and with the springs of revenue drying up, as poorer and poorer people are coming into the city.

The Distorted Tax Revenue Situation

A generation ago, municipalities were collecting more taxes than the national and state governments combined. Their take was 52 percent of the total. This was in 1902, and it was pretty much the same until 1932. Now it has dropped to 15 percent of the total.

In 1902, the combined net revenues of Federal, state and local governments were less than \$1.4 billion. By 1964, they exceeded \$150 billion, of which the Federal Government's share was more than two-thirds. Local debt between 1946 and 1964 rose from \$13.5 billion to \$68 billion, while Federal debt increased from \$269 billion to only \$312 billion.

In other words, on a per capita basis, local debt in that period rose from \$97 to \$357, while Federal per capita debt had actually decreased by about \$300. And yet the social problems have fallen upon the cities.

A fiscal revolution is needed. The Federal Government must not only plan new programs to which the city must make a contribution. The Federal Government should also originate programs which require no local contribution. All too often some bright lad in a Federal department conceives a new program and inevitably the city must make a contribution.

The Federal Government has got to realize that the burden is on it, and that a city like Boston, with an 11 percent tax rate, can no longer handle its social problems and educational needs from its diminishing resources.

The Federal Government, now spending more than \$7 billion a year for agriculture at a time when only 6 percent of the people are employed in agriculture, should realize that we are now in an urban age. We have successfully weathered the shift from an agricultural to an industrial society, but we still have to cope with the urban revolution that came in its wake. Until the Federal Government undertakes to pay the costs of education directly, the costs of health and safety, the administrative costs of cities which are now overburdened with their social and economic problems, we cannot successfully have an urban society; and without that, we cannot ever have a Great Society.

We are running away. Our people in the United States are simply running away.

There are 35 million people who move every year. They are running from house to house, from one climate to another. They are going into mobile housing; more than 16 percent of all the housing starts today are in mobile housing. They are running from the city to the suburb.

On their vacation they run to the cities of Europe — Paris, London and Stockholm — all because there isn't a decent city in the United States in which they can spend their few leisure weeks.

We may be rich. Oh yes, I think we are growing rich. But physically we are the poorest country in the world. We have nothing to boast of. We possess no architectural heritage. We have nothing to offer our

people to look at. We are an urban civilization in which we are not proud of our cities, one bit.

We are never going to be a Great Society but a very poor one. We're going to be rich in our pockets and poor in everything else.

Principles of the Housing Problem

Let us face the housing problem in terms of a few principles.

Senator, when you were in the Senate in 1949, a great goal evolved — a decent home and a decent environment for every American family. That goal was one of the great generalizations of our time. It was never defined.

If you want to solve your housing problem, you have got to acknowledge that sound housing, whether in old or new cities, can't be secured without making the cities sound. If the city is in trouble, all the new investments that you make in housing are going to be in trouble, too. As long as the city continues to be in trouble, and as long as the city has its middle-class leaving it, it will not be poised to improve the environment of which housing is only a part. I think we have to accept that principle if we're going to get anywhere.

Second, we have got to move toward our objective with all the necessary resources and all the relevant powers available to us.

You know, in my time and in your time we have expanded the political powers of government so that we can do almost anything if we wish. The state can regionalize its localities if it wishes, and so can the Federal Government. The Supreme Court will no longer stand in the way. We have the power, but we haven't got the will. This is the real problem. And unless you move with all the resources at your command, and unless you subordinate political considerations, and unless a little imagination is used, we are not going to solve the city problem. And we're certainly not going to solve it by conditioning the use of Federal moneys upon the consent of states, or their political creatures.

I think the Federal Government has got to be prepared to deal directly with cities and act independently in the regions of which they are a part, when necessary, because the pattern that we are forming in the United States is that of thousands of "Mason-Dixon Lines." And we are going to reach a crisis in this country that is probably going to be greater than the crisis we faced in the Civil War, unless we reduce the tensions and racial frictions gnawing at the Nation's roots.

Third, I think we have to be prepared to forego the condition implied in the 1949 Act, that speculative private enterprise shall be the preferred agent to fulfill the objective.

I like private enterprise. I think private enterprise has a place, but at certain times government must move itself. When it is indicated that that is the most sensible thing to do, we have got to go ahead with government taking the initiative, with government condemning land, if necessary, and then turning it over to private enterprise.

Fourth, I think we have got to be prepared to offer a total program, addressed to all groups needing housing. We must provide them with

the opportunity to obtain what they need among a variety of choices suited to their changing needs, wants, and desires.

Finally, we must acknowledge that the key to meeting the housing problem lies in low-interest financing, in subsidies, and that those have got to be ample.

Unless these prerequisites are met, and unless we meet the problems of cities realistically, the objectives stated in the 1949 Act will carry no real commitment. The housing programs will continue to be pilot efforts and demonstrations and experiments, giving hope without prospect, and bringing disillusionment, as programs flounder and fail.

The time is right for more frankness and more reality, for we are in a crisis, and our society is being threatened as it has never been threatened before. Thank you.

MR. RAVITCH: Thank you very much. I don't think we suffered at all by the brevity. I would like to start the discussions, if I may, by calling on Senator Douglas.

QUESTIONS BY COMMISSION MEMBERS

MR. DOUGLAS: *I agree with you, Mr. Abrams, but there is such a thing as division of labor, too. If you try to solve every problem in a limited amount of time, you may not be able to give adequate attention to specific things which can be done.*

I think it is an open secret that this matter of dealing with everything did come before both the technical staff and the Commission and, as I understand it, it was the judgment of the Commission that we should somewhat limit our scope. If the Commission at any time wishes to change its point of view, I personally would welcome it, but I am not certain that we can.

Political Change Needed for Help to Cities

What do you see as the immediate steps ahead that we can take? I think we must face the fact that the political opinion in the country at the moment is distinctly opposed to help for the cities. The political opinion is on the whole hostile to the cities, to the poor people, especially to the Negro, and it is very hard for any group of political leaders to get agreement from the people in the country.

Mayor Lindsay properly berated Congress, or he berated the Administration, for slowness on the Model Cities Program. But may I say that the Administration felt that it could not move until it had some act from Congress on the appropriations.

The truth of the matter is that the House cut the appropriations for the Model Cities to one-third of what it had been, and it eliminated the rent subsidy program.

I am very happy that Congressman Farbstein is here with us, because he has always been a defender of these programs.

But Grover Cleveland once said, "It is a condition, not a theory, that faces us."

I have been driven to conclude that until there is a spiritual rebirth in the Nation these are going to be missed opportunities. It is our function as individuals to try to educate, to try to inspire, to try to indicate the nature of the problem, and that in the long run we are probably going to win.

I have a good deal of pity for political leaders, both in the city and the state and the Nation, who are faced with the fact that there is no doubt that in 1966 the American public decided we had gone too far, too fast, and had done too much for the poor; and in 1967, after the riots, they feel this ever more intensely.

The prospect is for conditions becoming worse rather than better. What do you advocate? Am I too gloomy?

MR. ABRAMS: I don't think you are too gloomy.

If you go back to the time of the last war, you would find that there were people who were sitting on the question of reconversion. We are now in a war in which we are spending some \$25 billion or more a year. Has any committee given its thought to the problem of how that \$25 billion is to be spent? We are not thinking about that at all. We haven't even got a reconversion group that is thinking in terms of spending that money. Yet that money, allocated to the problems of cities, could help solve the greatest domestic problem of our time.

Oh, there are so many things, Senator. You know, I will leave this Philadelphia report,¹ which is a study of a specific city. I am not going to belabor this committee with its recommendations. There are 25 recommendations here on amendments of the public housing law, on amendments to 221(d)(3), on amendment of the \$1500 grants for rehabilitation among others.

But in the main what we need is an allocation of funds and a will to make progress. I think this should be the main aim of this Commission, to make a report which is not only sound but which reverberates with the importance of the issue.

Systems, Not Symptoms, Approach

I don't think I can take the time to discuss specific programs. I do think what we need is what business calls a systems approach to the problem, or what I call a comprehensive approach, rather than a symptoms approach, which is what we're talking at the present time.

MR. JOHNSON: Mr. Rustin, in your *Freedom Budget for All Americans*, you talk about a number of specific goals that are really inter-related. One sort of leads to the other.

¹ Charles Abrams, "The Negro Housing Problem: A Program for Philadelphia," Technical Report 18 of the City of Philadelphia Community Renewal Program (Philadelphia: Redevelopment Authority: 1966)

I wonder if you would comment on the interrelationship, as you see it, between goals of employment, rehousing, upgrading of slum areas, and the rest?

I think you have stated that you didn't see much hope that private enterprise would be involved in this. You see it, as I do, as a rather massive effort of the government to organize people to do a job. Will you comment on that particular aspect of it, please?

Priorities for Federal Action

MR. RUSTIN: I should like to see this Commission establish a number of priorities, without our having to answer all the questions as to how these things will be done. There are experts for this.

First of all, it seems to me that we must recognize that the Federal Government must become the employer of last resort.

Number two, the Federal Government must become the houser of last resort.

The Federal Government must become involved in preparing and educating people to become useful in this society through the creation of public goods and services and institutions in which these people can be trained.

If we could get even those three principles established, the political problem which the Senator has referred to would be well on its way to being solved.

I agree with the Senator that the political opinion is hostile to the cities and to those most grievously affected by urban life, the black people of this Nation. But I don't think we have to do an educative political job; we need to come up with proposals which are politically realistic.

The real educational job is done when you tell people what the truth is and what the needs are. This is the educative process. And you do this, it seems to me, precisely because unless these things are done, we will not get anywhere.

To put it in philosophical terms: if we are in a revolution, then only revolutionary methods can get us out of it. To propose short-term, nonrevolutionary measures is to fool people, and to compound the nature of the political problem.

Therefore, I think that it is not simply a matter of this or that little project. One has to have a master plan, a social plan of reconstruction, into which all of these things fit, for only then is one making any sense.

Homeownership: A Change in Meaning

MR. FEINBERG: *Mr. Abrams, your testimony more than corroborates the wonderful things that were said about you by Senator Douglas and Mr. Ravitch.*

I am thoroughly convinced that you are more than merely conversant with the housing problem. I could not agree with you more when you say that it is more than bricks and mortar. I can't agree with you more when you say that every city is literally different, and that we must have flexibility in any program or rules which are promulgated by not only FHA but the Federal Government, or any other agency which is trying to help the urban problem.

I want to ask you the query in respect to the encouragement of homeownership as against public housing. Many wisely say there was great need for both, and some would concentrate on the encouragement of homeownership.

I realize that in New York City, because of the vertical aspect of living in high-rise apartments, homeownership would be somewhat incongruous in comparison to what it might be elsewhere. For instance, in Watts you don't have that at all; it is spread out, almost rural by comparison compared with our slum areas here.

Philadelphia, I think, comes nearer to that mark of horizontal living. Therefore, would you agree that in a city like Philadelphia — assuming that the goal you are suggesting could be accomplished — we would like the government to look at it differently? And should the government not be hard-nosed, to use a common expression, as, for example, in Houston, Texas, where they have no zoning law and therefore, they are now ruled out of many Federal programs?

I think that perhaps Houston may be contemptuous of Federal rules, but it seems they are feeling the pinch and they are very resentful. But they are still not adopting a zoning law.

In a place like Philadelphia, assuming all these things could be accomplished that you suggested, would you suggest that a greater effort be made toward private homeownership, with all the necessary subsidies and assistance through Federal means?

MR. ABRAMS: Absolutely. You see, the meaning of homeownership has changed drastically since the 1930s.

In the 1930s, the people used to put up 30 percent cash and there would be a second mortgage. They had short-term first mortgages, and they were always in danger of being foreclosed.

Today, with 90 percent and 100 percent mortgages, the payment is very similar to rent.

The only difference is that if the value of the house goes up, it inures to the poor family that becomes the homeowner; whereas if the family can't pay it is in no different position than if it can't pay rent, except it will probably find the mortgagors more patient than it will find the landlords in a tenanted apartment.

I don't think that the Federal Government has come around to that. I will say one thing about Senator Percy's proposal.¹ I think what he has done has made the Johnson Administration alter its views.

There was a feeling in Washington that homeownership was unsound, and this was a carryover from the 1920s and '30s. There was a feeling that if you gave Negroes homeownership they wouldn't main-

¹ Introduced in the 90th U.S. Congress.

tain their homes properly. We had a whole set of fictions about homeownership created about the low-income family.

You know, Mayor Lindsay mentioned the fact that Langdon Post had made a statement about the riots of 1935.

It reminded me of two things. One is that when we went into Williamsburg Houses, which was the second housing project in New York City — we found that 25 percent of the people we threw out of the Williamsburg area were homeowners, and we offered them only tenancy as a replacement.

I believe that a good part of the middle class of the United States became members of the middle class from the lower class as a result of the fact that they were induced to go into debt after 1934 on their homes. They saw the values of those homes go from \$5,000 to more than \$20,000.

I think if you can buy homes below \$5,000 in cost, or if you can buy homes with capital grants, it is worth it. The Federal Government would be well advised to make a capital grant to enable poor families to buy homes. In the long run it will be cheaper.

I am not saying that homeownership is a panacea. You know, there are many people who want to rent, and many people who should rent, and many people who don't want to be burdened with a house of their own.

But I will say that on the basis of the evidence, where there was homeownership, there was less vandalism. You can go to Brooklyn, here, and look at the blocks, and you can actually identify the blocks that are homeowned by their condition, as against the blocks that are tenanted.

In Philadelphia you can see the flower boxes and the freshly painted fronts, and you know that those are homeowned.

I checked on the Detroit riots a few days ago to find out whether any of the homes that were destroyed were owned by Negro families. This is what I found out. I was told by the people making the check on the Detroit riot that the only Negro homes that were burned down were those about 18 feet from the stores that were burned down, at a time when the wind was heading toward those homes. The other homes owned by Negroes were not touched.

This is a finding that I think is very important, because where people own property they're going to defend it, and they will not want to see their own houses burned down.

If we're going to solve the problem, we should make the Negro family a homeowner wherever we can, and wherever it is within his means and desires.

Coming to the question of whether we can do it in New York, I have thought about it a great deal. I think it can be done. It can certainly be done in public housing, where you can have separate units devoted to condominium arrangements for the tenants whose incomes have increased.

You can then turn some parts of the project into cooperatives, and turn the management over to cooperative organizations.

I also think that existing housing can be turned into cooperatives, but the word "cooperative" is elusive.

There has to be a kind of special formula for New York. I would like to see these people remain tenants for a time in some of the converted houses, with a strong management company to manage it, which makes an arrangement temporarily with them under which any profit as a result of savings from repairs and operating costs will be turned back as dividends to the tenants while they are tenants. After they become accustomed to the responsibilities of tenancy under such an arrangement, we change the houses into condominiums. In other words, we would have a special type of cooperative arrangement which would gradually blend into a genuine cooperative arrangement.

This is one of the things that I would like to have studied at Columbia, with some actual projects.

I might say that one of the things we did at Columbia University a couple of weeks ago is to put up 200 boys and girls from East Harlem, just after the riots. They had been looking for a place where they could discuss their problem and the riot in East Harlem. They couldn't find a place.

They called up the Army, they called up Washington, but none would accommodate them.

MR. FEINBERG: *From within Harlem?*

MR. ABRAMS: From East Harlem. We turned over a meeting place to them at the University and they discussed for two days the problems of East Harlem. At the end of the panel discussions they came up with one recommendation that they would like the Columbia University architecture and planning department — which means me — to work with them in the replanning of East Harlem.

I have arranged to get Albert Mayer, one of the great planners in the United States, who planned Delhi in India, and is now planning a new town near Little Rock, to undertake, as a visiting professor at Columbia, the replanning of East Harlem, with these 200 boys and girls who live in the area.

I was so impressed with them that I'm going to make one of them a sort of visiting professor, and a number of others special instructors, to work with the students.

I think we have so much to learn from them in the academic world. We are going to have them in the studio, and we're going to have them replan East Harlem with us. They will be our client and we in turn will learn from and with them.

I think this is the kind of citizen participation we need. If the city wants to accept the plan, all right. If it does not, we will put it to use in some other practical way.

But these are some of the steps that can be taken.

MR. FEINBERG: *Thank you very much.*

MR. BAKER: *Mr. Abrams, I was particularly impressed with your understanding of the problems and the goals of this Commission. In your opinion, what is the single most important recommendation you feel this Commission could make as a solution to reach our goals?*

There Must Be a Fiscal Revolution

MR. ABRAMS: The most important recommendation? I think the most important recommendation you can make, unfortunately, will be a generalization.

You have to make the country aware of the fact that we're living in an urban society, that there must be a fiscal revolution if we are to solve the problem of the American environment.

In other words, the cities can no longer, under existing legislation, under existing norms, solve their problems. They need massive Federal aid.

Maybe if I were to make a dramatic, somewhat humorous recommendation which might be realistic, it would be to turn the problem of cities over to the Department of Agriculture.

After all, you can make a case for it. Eighty percent of the people are settling in suburbia, which is largely agricultural land. The rat problem is something which has been investigated and reinvestigated by the Department of Agriculture. The Department of Agriculture is experienced in housing problems, rural housing, and semi-rural housing.

It is said that grass will soon grow in the streets of the cities, and therefore that too will be an agricultural problem. [Laughter]

Why not make that recommendation? After all, the Department of Agriculture has \$7 billion a year to spend. If they spent \$2 billion of that on the farmers who are 6 percent of the population, and \$5 billion on the cities, we might get somewhere.

MR. DAVIS: *It is very obvious to me that you gentlemen, Mr. Rustin and Mr. Abrams, are talking about a total solution to the actual problems which somehow goes by the establishment afflicted with astigmatism.*

I would like to turn my question time over to one of you gentlemen. Would you care to ask each other a question? I am sure that both of you have listened to the other, and you might possibly like to expound or ask questions of each other.

Mr. Rustin or Mr. Abrams?

MR. RUSTIN: Fundamentally, I agree with Mr. Abrams' analysis. I have no questions at this point.

MR. ABRAMS: I might ask Mr. Rustin this question: If you eliminate the poverty of the Negro, but the differential between Negro conditions and Negro incomes still prevailed, would you still be apt to get riots?

Negro Revolt Is a Class Revolt

MR. RUSTIN: I will answer the question indirectly, because only God knows. The so-called Negro problem today is not what it has been for 400 years — basically a caste problem. The nature of automation, the

technological revolution, the emergence of the cities, etcetera, mean that the Negro is much more affected by class today than by caste, even though caste is still involved.

Therefore, in the rioting in Watts, when Dr. King and I went out to talk with the young people, they revealed something very important to me. They said, "We don't want to talk with you house niggers, because we are angry at white people who hate us and black people who have made it."

That reveals to me the class nature of the rioting, and we are quite mistaken to think of it in terms, merely, of color. The Irish rioted in 1863, and that was the real riot in this country. These things we have had recently are piddling in comparison. In the Irish Riots of 1863 they killed 300 people. They tore and lynched 32 Negroes. They tore 34 babies to pieces and distributed their fingers and toes as souvenirs. They destroyed more property in New York, given the difference in time and value between 1963 and today, than Negroes have torn up in all their riots.

I point this out, not because I have anything against the Irish. Anybody who was living in those economic conditions would have revolted.

The Negro revolt is basically a class revolt, and if we want to get rid of it, then I have the answer in the Freedom Budget of the A. Phillip Randolph Institute. That is, we must take this discouraged lumpen proletariat, which respects nobody, but most of all hate themselves and people looking like them who have made it, and bring them into the working classes.

Under those circumstances, I cannot say, Mr. Abrams, there will not be rioting. I can say that rioting will be reduced to an irreducible minimum as against creating a problem which could tear the fabric of our society apart.

I want to make it very clear, gentlemen, why I am very definite about this.

If next June, July and August — particularly during the political conventions — there has been no basic and dramatic relief to Negroes across the board mainly in finding work for them, it is not I who will be in the greatest of trouble as a black man. It will be the society, because if there are riotings in those three months, particularly during the political conventions, what kind of President do you think we're going to get? What kind of repression are we going to get? What kind of civil liberties do you think we shall have?

I am saying that the problem is not a Negro problem. It is that Negroes are most grievously affected by our inability to deal with the basic contradictions in our society, which is making a class structure on the one hand, and creating an outcast class on the other. That is the problem.

MRS. SMITH: *I would like to go back to a statement that seems to be a detail as to some of the very broad things we have discussed, but it is a very important part of judgment making.*

Earlier, I believe, Mr. Rustin said that the problem of the ghetto was density, and that, if you moved out a third of the people, this would do a great deal. This density figure is so badly developed. Could you tell me, precisely, what is the present density, so I know what is involved in moving out a third? Have you made a study of successful communities of varied density?

I find an amazing range, and I question the statement on density.

Density A Factor in Ugly Living

MR. RUSTIN: You may question it, but I am going to tell you that if you go up to 114th Street, where they have just poured millions and millions of dollars in a block to improve it, you wouldn't live there rent free.

The place is loaded with dope addicts. People can scarcely get in and out of these reconditioned houses. You have to consider the number of people in the block who have no airconditioning and who live on the street, plus the numerous noise factors.

When I was young my mother taught me to wash out the bathtub after I got out of it, because it was quite awful to live with one's filth.

When I lived in Harlem in a tenement, with one bathtub for four families, I quickly learned that Mother would have been a bit genteel for that situation, because every time I came in that bath tub, I found it dirty. Therefore, since I only wanted to wash it once, I washed it before I got into it and left it dirty when I got out.

Secondly, the one woman in the place that I loathed most of all was the woman who wanted to be clean, because every time she sprayed, which was three times a week, her roaches came down to me.

What I am trying to point out is that if you live on 129th Street with a family in each room, finally nobody can take responsibility for anything.

The steps which were there when the Jews owned it and when the Italians owned it were worn out when we got there. They are now impossible to keep up.

I think density has a great deal to do with ugly living, the creation of a culture of intensity in which women cannot check on their daughters and on their sons, and cannot know where they are going and what they are doing.

There is no sense of community. Harlem may look as if it is the most unified and communal place on earth, but get closer to it and you will discover that there is not that sense, as white people say, of all these lovely people jumping from the cotton bales to the stoops of Harlem, and how perfectly lovely it is to see.

The fact is, it is ugly, and it is dirty and it is antiquated. Mr. Abrams can give you figures.

I took the figure from Michael Harrington, who is a friend of mine, who wrote, *The Other America*.

I know that density is a problem. Whether 3.2 is the number, I don't know, but I know that the minute people get crowded in, something culturally begins to happen that is ugly.

MR. ABRAMS: I might comment on that. I would say that we really have to define what you mean by density.

I suppose the greatest density you will find in New York City is on wealthy Park Avenue.

MRS. SMITH: *What is the density in Harlem of a typical residence? What is the number of people?*

MR. ABRAMS: I forget, but I would say that what is important is not the density figure per lot but the density per room.

In other words, you can have a one-story building with a very low density, but if you have 10 people living in a room, it is a slum with an excessive density.

I think one of the big mistakes that we have made in legislation is to define a slum in terms of physical conditions instead of in terms of overcrowding and in terms of the total social situation within a given community.

On the basis of the physical conditions, we seem to have decided that the best way to clear slums is to tear them down, which in turn increases the density within the city.

There is nothing that you can do by slum demolition during a period of housing shortage that can't be accomplished much more efficiently by an earthquake.

Let me come back to the question of your Negro situation in moving one-third, as Mr. Rustin has said, to the suburbs to relieve the density. I think it is going to take place over a very long time. I don't think the Negro [integration] problem is as serious as most people make it, in terms of density, anyway.

For example, the Negro is about 11.6 percent of the total population of the country. About 50 percent of that population is in the South. And so you are dealing with about 6 percent of the population in the North, roughly. If you get some distribution into suburbia of those people, your Negro problem would hardly be recognizable in the city.

The difficulty is that this small number of people are being concentrated in a few cities, due to the fact that we are creating greenbelts or Mason-Dixon Lines all over the country, greenbelts that are really the dividing lines between the white belt and the black belt.

If you can get some of the Negroes into the suburbs — and some of them are going into the suburbs of Westchester much faster than in the Philadelphia region — then you will begin to see an easing of the problem in the central city.

But you have to break down discrimination in the United States on the right to move. In other words, there is no longer a real right to move as long as the right to legislate zoning ordinances remains a local prerogative.

Zoning should be a state function, minimally, and I think it might even be a Federal function, as far as I'm concerned, because the idea of a small hamlet that surrounds a city having the right to prescribe

standards which can exclude a whole income group and a whole race seems to me to make no sense.

And yet the hamlets have that power. In view of the fact that you are studying the whole question of zoning in your committee, I would say that zoning should no longer remain a local function, because it has become little more than a means of excluding the poorer families from the land.

MR. RUSTIN: I want to cite one figure that is a significant one. There are about a half million Negroes who move into the ghettos as against 40,000 who are free to move out.

MR. RAVITCH: Gentlemen, we would like to thank you both very much for coming here today, and giving us a great deal of your wisdom and judgment. We are very grateful.

We are now delighted to have with us the gentleman who represents the area in which we're holding these hearings, and who is going to speak to us. He is Congressman Leonard Farbstein.

PUBLIC WITNESSES

Rep. Farbstein: Urban America in Receivership

REP. FARBSTEIN: Mr. Chairman, Senator Douglas. Let me say in passing, first, that I think there is basis for the gloom that you expressed, Senator Douglas, so long as you have the classical combination that presently exists in the Congress.

So long as the majority in the House of Representatives is composed, I am sorry to say, of Republicans, and representatives of the South, in my opinion you will fail to get the liberal legislation that it seems is necessary in order to cure many of the evils that have been expressed here this morning.

As you well know, during the 89th Congress, when the Democrats were in the majority, I believe we passed more liberal legislation than in the past 50 years. Until and unless we obtain a Congress that is similarly constituted, there surely is basis for the gloom that you have expressed.

I have a very short statement I would like to read, and then I would like to develop one or two points that I have.

Urban America is in receivership. Nothing that we have done in the past decade, with small exceptions, has made any real dent in the most devastating problem of our times.

I mean what I say, literally. No problem, including Southeast Asia, can match the horror and perpetual disaster of an untended urban America.

In the past summer, we have seen the convulsion which many of us will too easily forget. This past summer, black Americans responded to futility and to business as usual by striking out with the nearest available weapon.

It is perfectly obvious to me that all of us in this country must come directly to grips with what can only be described as an urban disaster. Half- and quarter-measures will fail. Nothing we do, short of a massive re-allocation of our economy, will make any sense at all.

America has always been proud of its youth, its vigor, its innovating sense of the future. But now we are a victim of our own affluence, a slave to our own habit of success. For whatever reason, we went wrong — thinking that democracy survives and governs and keeps itself free without help; in point of fact, democracy requires the infusion of new wisdom all the time. That wisdom in America has always come from the emerging citizens, inflamed with idealism, and angry at complacency.

We have become dumb, predictable, unoriginal people. We look upon a summer of riots as a public annoyance, and fail to understand that the Nation itself is having a political and social and political hemorrhage which can only be stopped by the tourniquet of fundamental change.

The War on Poverty has made a pitifully small start toward this change, and we must remember that this start came only from the protests of the American Negro community, acting in concert, in the early 1960s. I don't ask that we learn from 200 years of history; five will do.

Even more difficult is the obvious fact that our present efforts are pitifully inadequate. All of the goodwill in the world, indeed all the money in the world, will precipitate no substantial change, unless that goodwill and that money strike at the heart of the present problem.

Let me give you a specific example. Here on the Lower East Side, 30 years of goodwill have not visibly changed the desperation of poverty and violence. Thirty years of visiting experts have not changed the futility felt by immigrant Puerto Rican families living in squalid apartments, worse than the homes they left on the Island. Thirty years of position papers on the adult and juvenile delinquency have not dented the awful problems of addiction, crime, and early mortality. Thirty years of occasional generosity have not opened the closed door of society to the poor. Thirty years of urban renewal have not enlarged the living quarters of the dislocated Negro families on Avenue D.

It is obvious that we are creatures of habit, and that our habit is personal success, unrelated to the life of the poor.

It should be clear from what I have said so far that I am an advocate of social and economic programs that will effect real change, programs that are radical in that they will ask that this affluent society tie itself ever to the needs of the poor.

We have had some small beginnings. The Mobilization for Youth Program here on the Lower East Side has had some success in fighting youth crime by addressing itself to the entire spectrum of problems faced by the poor family. Our settlements, churches, and newer projects have all contributed in an effort to hold the line against the impact of poverty.

But obviously more is required — more in quality as well as in quantity. I suggest we must begin to think in the following terms:

1. Programs for the massive economic development of this community, styled on a large scale, which will provide for the money and technical resources, which will use this area's talents for the benefit of the community at large.

By this I mean the direct development of the loan program to subsidize cooperatives, which can absorb both losses and gains, providing money outside of the restrictive criteria of agencies such as the Small Business Administration.

This kind of self-owned and self-motivated economy is the only sensible starting place from which the poor of America can enter the larger society.

2. We have recently started a small but valuable loan program through Mobilization for Youth, which directs infusion of money into the poor families of the Lower East Side. This program is but a tiny part of the larger, direct money problem which I am personally convinced can only be solved by some form of guaranteed annual income.

The primary purpose of such a program is to finance the people on welfare who are unable to work competitively and meet their own obligations. I specifically call for a research program to experiment in the guaranteed annual income area, simply because no one knows precisely how such a program, with all its problems, can best be run.

3. We must not ignore dramatic, innovative suggestions. Recently it was suggested to me that all relatively affluent people commit 10 per cent of their mortgage and rental expenditures to the rehabilitation and cost of housing the poor. I want to hear more of this idea.

4. Self-ownership is also the key in the entire housing program of rehabilitation of tenements. With cooperative ownership of large sectors, this makes much more sense than arbitrary removal of people along with the slums.

5. I have recently called on Congress for a massive public works program, specifically designed for compact contiguous areas of around 50,000 people, aimed at ghettos where high unemployment exists.

There is no reason in the world why this kind of approach being used in rural areas such as Appalachia, cannot be used deep in the urban centers.

We must consider the possibility of using air space above publicly owned, buildings such as schools, post offices and so forth for the construction of low-income housing.

I must emphasize that any program of this sort must be done in such a way that the present residents of the ghetto areas are not dislocated, but we can enjoy the fruits of the new construction.

As you can see, the thread that runs through my entire argument is the demand that new programs and new approaches be mounted on an enormous scale, commensurate with the energy that we are now expending in Southeast Asia.

It is too late for small, palliative programs. Detroit, Newark, New Haven, Rochester, and Paterson attest to our habit of dealing with

urban problems of this Nation only on a disaster basis. We have to take a long look at ourselves, a long, hard look at our society, which seems to be falling over its own dead weight in despair, unemployment, violence, futility in the urban centers.

That is the end of my paper. I said I wanted to speak particularly about one or two other items.

One is aiding the small contiguous areas in the large cities, like East Harlem and West Harlem and Bedford-Stuyvesant.

There is no provision in the law today whereby these areas can be aided through public works programs by the Federal Government.

We have passed a law aiding Appalachia, in the rural area. We have passed a law under the Economic Development Agency Act, whereby areas of at least 250,000 people, with unemployment above the average, can receive aid. But small communities where there is unemployment above the average cannot be aided. Legislation of that type was recommended to the floor. However, it never got out because the session came to an end last year.

It would seem to me that this Commission, by bringing this subject to the fore, might be able to have sufficient pressure exerted upon those recalcitrant members of the Committee on Public Works to pass that bill out, because I feel it can be passed.

There has been and is recognition of the condition in the hard-core small communities that need help.

This is pragmatically where you can be of assistance: I think you can help here in the city also, in connection with the suggestion I made that low- and middle-income housing be built above schools. On the corner as you pass along here, you will find a school which is probably no more than 20 feet high that probably covers an area of 200 by 200.

Why can't the air space above that school be built into low- or middle-income housing?

On the West Side of Manhattan, where land values are too great, and the city contends that it is unable to build low- and middle-income housing, they are about to build a school. Why can't the city build and use the air space above those schools for low- and middle-income housing?

Throughout the Nation you will find that the same applies to libraries. There is no reason why the library on 42nd Street and Fifth Avenue can't be covered. This is architecturally feasible. It could have a high-rise office building, and the income could go to the municipality.

In that fashion I think some assistance can be obtained for our poverty-stricken people. Those are two pragmatic instances where I feel you gentlemen can be of assistance.

With relation to the rest of the testimony, as you have heard this morning from Mr. Rustin and the other gentleman, who is one of our great experts on housing, this is good, but it deals more with theory. It is a theory that I find extremely difficult to really be able to initiate in the immediate future in order that the poor people can be benefited from it.

There has got to be a change in the thinking of the people. There has to be a change insofar as their electing representatives who will recognize the necessity before you will ever be able to attain the ends you seek here today. Thank you.

MR. RAVITCH: Thank you very much, Congressman Farbstein. I appreciate your taking the time to appear before us.

The next gentleman we would like to call up to the witness stand is a gentleman who represents this area in the Assembly of the State of New York, Mr. Louis De Salvio.

Mr. DeSalvio: Unresponsive Planning

ASSEMBLYMAN DE SALVIO: Mr. Chairman, and members of the National Commission on Urban Problems, I am Louis De Salvio, New York State Assemblyman representing the 60th Assembly District, which covers the southern end of Manhattan Island, river to river, and all the ships in the upper bay.

I am here today to present some facts on urban problems, as my constituents see them.

I put it to you that a major cost factor in the subhuman housing and unemployment conditions existing today is the lack of proper planning by unresponsive appointed public officials, whose major interest seems to extend only to the securing of their own ivory towers, and the securing of public treasury money grants to seek and search for the problem answers, but who never seem to get around to properly implementing some of the answers they do come up with.

As an example, in relation to my district, some 27 years ago a group of "ivory towneriks," self-called city planners, found out that the travel time, east to west, river to river across Canal Street, was seven minutes. They proposed the construction of a Lower Manhattan elevated expressway, a real Chinese Wall in that area, without any thought of the 12,000 families and 800 small businesses in the area.

Today, 27 years after they hung that noose around the throats of Manhattan Island, even though these self-styled planners have publicly admitted that the travel today is still only seven minutes, they are still trying to tie that noose around the throat of the Island. And we find that a direct result of this prize example of sloppy planning has been the deterioration of the area, and the desolation of the prospects of the area's businesses, with a resultant loss in employment of the city's people.

Further, even though all of the experts and administrative officials admit the unworkability of the Chinese Wall scheme, we find them still holding onto the area of that designation. We find them still pursuing the pot of gold at the rainbow's end, which they call Federal funds.

As an example of the devastation they have caused, I cite the following:

In the area east of Second Avenue below 14th Street, over one-quarter of a million dollars of public funds has been poured into

new housing, while in the area directly affected by the crackbrained expressway proposal — west of Second Avenue, below Houston Street — not one penny of public funds has been expended for new housing.

But many, many dollars have been wasted by the ivory tower-niks' so-called survey and planning studies of the area — dollars which they secured from the public treasury in the form of free grants from the State and Federal Government. They have used these funds to build for themselves a topheavy, overpaid bureaucracy, whose only interest seems to lie in self-aggrandizing publicity and not in the performance of any productive result.

Therefore, I suggest to this Commission that included in its report to the President be the following:

That the Federal Government cease this barbarous pet practice of granting or allocating to the ivory tower-niks any public funds for their so-called surveys, and/or plans, and to withhold all funds until such time as they have evidence of full consideration of the public interest. Further, it should be mandated that these planners should be required to proceed with construction within a six-month period after they release their self-serving neighborhood-destroying publicity pronouncements, and if they do not or cannot proceed within such time period, that they be required to so state publicly and to release the area, so that the private sector of our economy could feel safe in doing what it always has done for our people — produce housing, produce goods, and therefore and thereby produce a better life in our urban community. Thank you.

MR. RAVITCH: Thank you very much. Before we adjourn for lunch, we would like to invite a couple of other public witnesses to make brief statements.

Mr. Johnson: Interpretation of the Ghetto

MR. JOHNSON: Ladies and gentlemen of the Presidential Commission, my name is Arnold Johnson. I want to express here a feeling that is the type of feeling that prevails throughout the ghetto communities in this country, and in what has come to be the culture and the philosophy of white America against the black.

I am chairman of a small business chamber of commerce of the City of New York. I am the Chairman of the Small Business Development Corporation of the City of New York. I am the Chairman of the Education Committee of HARYOU Act, and I am associated with many and several other organizations in the pursuit of liberty and equality for the black people of this country.

I have been active for 40 years of my life in the community of Harlem, and I have seen it change from a white community to a black community over the 40 years.

I come before you, not with a great deal of letters, or a great thesis as to what is a solution to the problem that faces black America versus white America, but I come to express a few things that I think I have over the years been able to learn and to know about.

I first want to say that I regret the fact that yesterday our meeting in the community was not known to the great body of the people of Harlem. Because of this I may say to you the place was all but empty. I want to say to you further, as a demonstration of what black people think about their interest in upgrading their welfare, the welfare of their community and of their children, four days ago we had a hearing in Brooklyn on the Title I Program, and we had over 1,500 black people attending that meeting, and speaking from 9 in the morning until 11 at night. This ought to be a demonstration of how we feel about participating.

I would recommend to you, gentlemen, as you go across the country, certainly a better public relations action could be taken in getting to the community organizations and letting the community at large know that you are in quest of true information by which you can possibly bring about solutions for the problems besetting our beleaguered country.

I want first to begin by stating that the attitude toward the possible solution of the race problem which we face in our country, must involve taking the necessary steps to disassociate the white American mind from the theory of slavery, which persists until this very day. As long as we have people in this country thinking that because you have a black skin you are still a slave, and you are second- or third-class, all the stop-gap programs that you may attempt to put together will not prevail.

I know that historically we're going through very, very serious times in our country. I know that once in this country the largest ethnic population doing the back-breaking job of developing this land of ours was the Afro-American — the black man and the black woman. I know further that through the many wars we have had, beginning with Crispus Attucks, an Afro-American, dying on the Boston Common through the Civil War, through all the wars that you have had, the black American has never failed to take his position with the white American in helping to build and to construct and to make this country the apparently free country and the richest country that we have in the world.

Unfortunately, we have failed to realize that this black man and woman and child want to enjoy, in every sense of the word, equal participation in the stake that this country has to offer. Because of that, today we are facing a very serious and almost disastrous situation in the life of this country.

You cannot keep a country half slave and half free, and you cannot keep one-third of the Nation ill-housed and not employed and ill-educated and we have got to look forward, gentlemen, to how we can begin to attempt to resolve the problems of our people.

To begin with, let me touch on what I consider to be one of the most essential things. How can you give to the white child, to the Catholic child, to the Jewish child, and to the other children of white skin, the finest opportunities to educate themselves and prepare themselves through the prime ages of their lives, to be equipped to find their

place in a society that is scientifically great, culturally advanced, and commercially at the highest peak? If that is possible for a white child, it would seem to me possible that the black child should have an equal opportunity.

Education has been the greatest lack that the black people have suffered in the history of this country. We are still fighting today, not only in the Southland, but in this very city of ours, and throughout the land of America as well, to achieve for the black child and the adult, if you please, the opportunity to have a free and simple education, to prepare him- or herself so that he or she may compete in the society we have today.

Because this is lacking, you are building in this country the type of people who, because of their frustration and their inability to compete with the powers and the society around them, are frustrated people who go to desperation, and who within their own decisions believe that the only way out of their condition is a violent way.

You say that violence is to be discounted and to be discouraged. But how can they be less than violent when they recognize that they are living in the most violent country in the world, and that everything that America has achieved has been done aggressively — in wars, in the subjugation of the Indian people of America, in the subverting of black Africans who came from Africa into a state of penury and servitude, and who have been continuing in this same condition?

I have been very active in a desire to see that our children and that our people receive education in the City of New York. We have been locked in what I consider a titanic battle with the Board of Education of the City of New York.

You have appropriated hundreds of millions of dollars for Title I and for Title II and for Titles III, IV and V.¹

What you have done is to allow the control of these moneys to be in the hands of the same people who have failed to come up with the quality of education desirable to make our schools the type of schools that can prepare our young people to go into this society. As a result, you have the great dropouts that you have. You have got great conflicts of our young people leaving school and going onto the streets, desiring employment, desiring to find some way of life by which they can exist. And because this has not been possible, they have resorted to the things that are to be discouraged, but which can be understood.

We now are in a battle with the Board of Education over a \$70 million budget in which we have an attendance of some 1,500 of our people — black people and Puerto Rican people — demanding \$30 million for a decentralized program. These decentralized programs are necessary so that they may create within the community the type of innovative program which will allow the average mother, the average father, the average community individual, to put into this creativeness the local talents which can help to bring about some degree of active, progressive education.

¹ Provisions of Federal Elementary and Secondary Education Act of 1965 for Federal aid.

This has not been possible, so we continue in this manner. Only recently, for the summer, we were able to wrest out of the Board of Education under Title I in Harlem 15 programs. These programs dealt with arithmetic, with the civic types of programs that would educate the young people to understand their responsibilities within the community, the program for self-improvement, the program for on-the-job training, intensive on-the-job training in merchandising.

MR. RAVITCH: Could I ask you to sum up very rapidly, please?

MR. JOHNSON: Well, sir, I can't sum up very rapidly, because I don't think this is a rapid matter, sir. If it is impossible for you to hear me as you have heard these other people here that are learned people, then I will have to say to you that I can conclude now; but I have not been afforded the opportunity to put before you what I have come here to put before you.

I think the purpose of the Presidential Commission is to begin to listen and to get some of the facts that are available in our communities, so that they may have some answers with which to bring the possible solutions to the deadly problems that face our Nation.

If I am not permitted, sir, to do this, I can say to you that I will have to stop here without having been able to put before you the things that I think are necessary for you to hear, and things that you might hear across the land.

MR. RAVITCH: That is not the problem. The problem is that there are many other people who also wish to express views, and that is the only way we can accommodate everybody — by asking everyone to extend the courtesy of limiting their remarks to the time period.

MR. JOHNSON: I knew of no time period when you extended yourself greatly with the Mayor, and you extended yourself greatly with the other speakers that were heard already. I think that I have just as much to contribute to this conference as the Mayor of the City can contribute.

I have only been here 40 years of my life, and I have been battling as a black man in this community of the City of New York for 40 years to get some degree of freedom and democratic participation. If you want to cut me off, I say cut me off, but I have much more to say, sir.

MR. RAVITCH: Mr. Johnson, we have a long list of other people who also asked to be heard, who I am sure feel as passionately as you do about the statements that they want to make. I think the problem is that unless there is some time limit for each speaker, some people will not have any opportunity to be heard at all.

We would be delighted, and would appreciate receiving from you any further testimony that you would want to give in writing to this Commission. It will be treated as seriously as anything that can be spoken verbally here today.

We would appreciate it very much if you could sum up, in the next two minutes or so, the balance of your statement.

MR. JOHNSON: I will sum up in the next five minutes, but two minutes is too short a time.

MR. RAVITCH: As quickly as you can, we would appreciate it.

MR. JOHNSON: I want to say to you that if you are concerned with the Stokely Carmichaels and you are concerned with the Rap Browns, and you are concerned with what has happened in Detroit, if you are concerned with what has happened in Boston, and if you are concerned with what is happening daily in all the cities of our Nation, then we must devise a very free and progressive system by which black people in their communities can man the schools, by which you can have superintendents of schools who are black people, by which you can have superintendents of schools who are heads of boards of education, who can pointedly and definitely make possible the enlightening of their children after their heritage, after their history, after the fullest participation of the contributions they have made in American life.

I have one more thing I want to say to you. As Chairman of the Small Business Development Corporation of the City of New York, we have tried for the longest time to begin to make it possible to get black people in our community to break the Gordian Knot that has been placed around their necks by ethnic groups of outside people controlling the economy of our community, by controlling the housing they own, by controlling the businesses they own, and by controlling every viable thing that operates in our community.

The problem we have is that I as a small businessman, who struggled for 25 years to build a little business, cannot get a halfway decent loan from a local bank. I cannot extend my business, when I know there are other white people I have known, who in the 25 years have built tremendous chain stores in this city and across the land. I still must be satisfied to serve in my penurious, small way, to find out how can I exist in my community.

I think that you must realize that power in this country is important, and that the ghettos of this community are controlled by certain people who have no desire to make the black people in our community economically independent, economically in control of their community business, and the possibility that they may become a power in the productive system of this country.

You subsidize various corporations with billions of dollars. Now you subsidize Vietnam with billions and billions of dollars, while giving pennies for the economy of the black man in this country. It is a shameful fact.

I don't think that you can tell me that my time is short, and that I have a limitation of time when you can be thousands and thousands of miles away, in a country where you have a primeval civilization, and you are spending hundreds of millions of dollars among these people, and denying the right of black Americans, whose only crime in this country has been to lay down their lives with blood, with their tears, with their efforts to build this country as the greatest country in the world, and to tell them today that we're going to investigate to find out what solutions we can get to our problems.

I say to you, Senator Douglas, a distinguished man of the Senate, you need aggressive programs for what I would say is paying back to the black people of America their reparations.

You have been given a freedom budget for all Americans, and unless the President of the United States, who is an astute politician, goes to this country and is ready to recommend to the Congress revolutionary actions, aggressive actions, in tackling all the conditions that prevail among the black people of this country — All the black of this country is asking for is equal opportunity and equality with the white Americans. We're asking for nothing more. We're asking for nothing less.

I say to you, gentlemen, that as you go across the land, be prepared not to talk with the lettered people and such, not to prepare yourselves for these dramatic entrances of the politicians. I want you to listen to the small people, the indigenous people, and I say a visit to Harlem for a few hours yesterday was hardly a beginning. A three-day session in the City of New York is hardly a beginning for you to find out what the problems are and what can be done.

I will conclude by saying to you that we are concerned with every phase of life in this country, with every desire of the American people. As a black people in this country, we ask for no more and ask for no less. We say that the American country cannot move forward without moving forward with us. We ask and demand an equal share to all the things that are good for the other Americans. We will demand them, and if we can't get them, we will have to fight for them. We will have to make it possible to obtain these things. Thank you.

MR. RAVITCH: Thank you for coming, Mr. Johnson. I apologize to the other people who wish to be heard. We will try to squeeze as many of you in this afternoon as is possible.

We will resume again at 2 o'clock, and we will be delighted to have you testify then.

(Adjournment.)

The experience of providing housing through cooperatives was explored during the third afternoon of hearings in New York City. The legal framework, the type of sponsorship, and analysis of the co-op apartment as a type of homeownership were discussed. Certain criticisms of cooperatives were raised by public witnesses.

HOUSING THROUGH COOPERATIVES

MR. DAVIS: I would like to announce that, immediately after the questioning of witnesses about cooperative housing by the Commission, we will call on the list of public witnesses who wish to be heard afterwards. Once again, we must apologize for the shortness of time. We would prefer you to limit your remarks to five minutes, and any further testimony we will be very happy to take in written form. The list is long, and I am sure you can appreciate that everybody here should be heard.

We shall now hear from Jacob S. Potofsky,¹ General President of the Amalgamated Clothing Workers. It would be presumptuous of me to tell you about Mr. Potofsky, since we are on his home ground.

Accompanying Mr. Potofsky are Mr. Harold Ostroff, Executive Vice President of the United Housing Foundation, and Mr. Jerome Liblit, who will testify as one long experienced in cooperative housing, as a writer and teacher.

I would like to hear from Mr. Potofsky.

STATE BY JACOB S. POTOFSKY

MR. POTOFSKY: Senator Douglas and members of the Commission: My name is Jacob S. Potofsky, and I am President of the Amalgamated Clothing Workers of America, as well as of the United Housing Foundation.

My testimony involves both organizations — the Amalgamated, because this year marks four decades of our union's sponsorship of low-cost cooperative housing, and the United Housing Foundation, because for the past two decades our activity in this field has been conducted largely through the United Housing Foundation. Throughout its history our union has used its strength not merely to improve

¹ Labor leader, charter member, Amalgamated Clothing Workers Union, founded in 1914. Nationally known for work in labor, immigration, rehabilitation, health, and housing cooperatives. Member, National Non-Partisan Committee for International Economic Growth; former member, International Development Point Four Advisory Board, Department of State.

the conditions of its members in the shops, but to build a better life for ourselves and for others through community action on a broad scale.

With this as our goal, the Amalgamated started very early in its history to discover ways by which it could enhance not only the working conditions, but the living conditions of our members.

Union Pioneer in Cooperative Housing

The Amalgamated takes pride in its pioneering accomplishments of the past half-century — in arbitration, in unemployment insurance, in pension programs, in labor banking, in political education, in industrywide bargaining, and currently in day care centers, and scholarships for members' children. But nothing has given us more satisfaction than the new ground we broke in building decent housing, the cooperative way, for working people.

The Amalgamated first became active in the field of housing shortly after World War I.

Our members found themselves faced with a serious lack of decent housing. Although our union was barely 10 years old, under the leadership of Sidney Hillman we determined to use the strength of our union to do something about this problem.

Our first cooperative housing project 40 years ago was a modest unit of 303 apartments in the Bronx. In the years that followed, we first expanded that project to over 1,800 apartments, then added a large slum clearance project on the East Side, the site of this auditorium, and since then we have expanded this project also. the Coney Island section of Brooklyn.

In recent years, the Amalgamated sponsored a large development in

Altogether, our developments offer inexpensive, attractive housing to nearly 20,000 people, regardless of union membership — men and women of all races and religions and nationalities.

Throughout these years the man who was in charge of the housing activities for the Amalgamated was Mr. Abraham Kazan.

In 1951, Mr. Kazan took the leadership in creating the United Housing Foundation to coordinate the cooperative housing activities of other unions in the city.

Mr. Kazan is now retired, and his successor, the man sitting next to me, Harold Ostroff, will describe the history of the United Housing Foundation, and will talk more in detail and more extensively on the subject of cooperative housing.

When present projects are completed, within a period of the next couple of years, the United Housing Foundation and its affiliated unions in New York will have built nearly 50,000 apartments, housing about 200,000 people.

In addition, we have initiated a similar project in the City of Chicago.

I submit to you that this is a record the labor movement can well be proud of, and that your Commission is well advised to study, to see whether the lessons we have learned can be applied elsewhere. That is the lesson of cooperative living.

Most important, our accomplishments are built on the foundation of cooperative principles. Our tenants have a stake in their housing because they own it. As owners they take pride in their housing, and they participate in the job of administering it.

Thus they have learned to face up to their problems, and assume their rightful responsibilities.

Cooperatives as a Way of Life

We found, over a period of more than 40 years, that our tenant-cooperators are gladly willing to pay the price in return for decent housing at reasonable cost. Furthermore, as cooperators they have built not just a project, but a way of life.

Cooperative food markets, furniture businesses, pharmacies, cooperative day care centers, nurseries — these all testify to the extent to which cooperatives have made it possible for city dwellers to construct a progressive community of their own.

You will find that the cooperative way has made it possible for us to avoid many of the ills that afflict other areas of the city.

There is no delinquency in our projects, and there never has been. Our projects are completely integrated, and there have been no problems arising out of people with different backgrounds living in the same area. In the Rochdale Village Project, for instance, we have 20 percent Negroes, and the project is an exemplary project of how people can live together productively.

Cooperation as practiced in our developments has meant a fuller and richer life for people. It has meant self-respect, self-reliance, and independence. These spiritual values, as found in the cooperatives, we in the labor movement cherish deeply.

Let me add a word about the role of private enterprise. We in the Amalgamated first became involved in housing because private enterprise was not meeting the need for good, inexpensive housing.

Yes, there is plenty of housing on Park Avenue for the \$100-a-room people, but not for the \$20 or \$22 per room people.

I believe that this is still true. Private enterprise has not yet shown that it can meet the need. Even a limited-dividend housing corporation, using all the advantages of low-cost mortgage money and partial tax abatement that the law allows, cannot match our record. As a matter of fact, no private company even comes close to providing good housing at the rents we offer in our projects. Thus they do not reach the persons who need housing the most.

The best answer to low- and middle-income housing needs is to encourage the nonprofit cooperative method. Only in this way can society achieve the savings necessary, and build institutions which are

based on human dignity and pride of ownership, thereby preventing the further decay of our cities.

Today, we face a tremendous crisis in our cities, a crisis compounded of many problems — problems of education, transportation, crime, health, racial discrimination and so forth. But one of the basic causes is the lack of adequate housing in decent neighborhoods, where people can live in self-respect.

It is in this area, we believe, that cooperatives offer some hope for creating a better life for people. Given opportunity, support and encouragement, the people can do much to help themselves through cooperative living.

Slum clearance must become more than a phrase. It must become a dynamic, national cause which enlists the people, their institutions and their government in a great cooperative undertaking to rebuild our cities.

We have been successful in our efforts because we have had the full cooperation of city, state and Federal governments in the acquisition of land, tax exemption, and financing at low rates of interest.

I am confident that this Commission can make a significant contribution to the efforts of solving urban problems if its recommendations will emphasize the imperative necessity of giving nonprofit cooperatives the tools to rebuild our cities.

I believe cooperatives offer the best hope we have in creating urban centers where all people, regardless of race, color or economic status can live together, in peace, harmony and dignity.

As I said before, Mr. Chairman, Harold Ostroff, Executive Vice President of the United Housing Foundation, will go into greater depth about the activities of the United Housing Foundation and the whole problem of housing as we see it. Thank you very much.

MR. DAVIS: Thank you very much. We will now hear from Mr. Harold Ostroff.

STATEMENT BY HAROLD OSTROFF

MR. OSTROFF: Senator Douglas, members of the Commission: First let me extend, on behalf of this cooperative community, our welcome to you in having your session here this afternoon and this morning. We are in the midst of a cooperative community of some 4,500 families right here on the Lower East Side.

The United Housing Foundation maintains its offices at 465 Grand Street, New York City.

Some time ago the press reported that the curator of the Smithsonian Institution said he would like to obtain an old slum tenement house, because he was fearful that they were fast disappearing, and that the Institution should preserve one for posterity. Mr. Chairman, we do not share the curator's concern that the old tenements are rapidly disappearing. As a matter of fact, at the present rate of slum

clearance it is estimated that the last of the old-law tenements, which were declared illegal in this city in 1900, will still be in existence in the year 2017.

As a matter of fact, there are many in this day and age whose answer to the slums is to extend the lives of the old-law tenements another 20 or 30 years by rehabilitating them. This is being done, in some instances, with mortgage financing from the Federal Government.

This seems to us to be a cruel hoax on people who have endured the miseries of the slums for so long.

It seems to me, Mr. Chairman, that the times dictate that we speak very candidly about the problems which confront our cities and our Nation.

Furthermore, it would seem that the times require that we put aside polite platitudes, discard wornout, conventional, sacred theories, and adopt realistic, drastic measures which will save our citizens and our Nation.

I believe this Nation is in a crisis second only to the Civil War, which was declared over 125 years ago.

We cannot remake history, but it has always been the American dream that we can shape the destinies of our future. I believe, as I am sure most of us in this room do, in that dream. However, unless we are really interested in creating a society in which all will have decent housing which they can afford, and a society where people will achieve dignity because there will be meaningful, well-paying jobs, a society where slums will be eradicated, where streets will be clean and safe, where there will be equal educational opportunities for all, a society where there will really be equality for all — only if we are really dedicated to these propositions should we undertake the massive measures and efforts required to achieve them.

I believe one of the major reasons for the crisis we face today is that for the sake of expediency, and even for political slogans and campaign oratory, we have raised false hopes which have never been realized.

It would be better, in my opinion, to do nothing, than to continue programs which raise hopes which will not be achieved, and which will result in more human frustration.

Co-op Movement: Help to Better Society

Mr. Chairman, we in the cooperative movement believe that it is possible to create a better society. All of our efforts are dedicated to that end.

We believe that, given the opportunity for ownership through co-operatives, people assume responsibilities for their own businesses and for their own destinies. Cooperative ownership gives people an opportunity to express their opinions and to have a real stake in the economy. Cooperatives do help build better communities.

These basic facts about cooperatives have been well known for a long time in rural America. They are equally true in this city.

We do not believe that cooperatives are a panacea for all of the ills of our cities, but we do believe that they have an important role to play in creating a better society in urban America.

I would like to briefly illustrate what I mean by acquainting the Commission with what has been accomplished through cooperation here in New York.

To save time, I must summarize forty years of activities into a few paragraphs. I do this, Mr. Chairman, because we are more concerned with the future than with the past. For the record, we annex to the statement some statistical information on the housing cooperatives which are members of the United Housing Foundation and on the organization of the Foundation itself.¹

Principles of the Cooperative

Low, moderate-cost cooperative housing came into existence in New York City in 1927. At that time, as there is today, there was a great need for decent housing which would be within the financial means of the average working people. To help meet this need, the Amalgamated Clothing Workers of America sponsored the first limited-dividend housing cooperative for some 303 families. The cooperative was built in the Bronx and provided housing for \$11 per room per month. Members' investment in the cooperative was \$500 per room.

Perhaps the most important aspect of the cooperative, as it was the first to be undertaken, was the philosophy and principles it established. The philosophy was that the cooperative would supply its members with good quality housing at the lowest possible cost. The cooperative would be nonprofit, nonspeculative. The principles which would guide its operation included the traditional Rochdale Cooperative principle of open membership. This means that the housing is open to all — no exceptions. It was to the credit of the union that it did not create housing only for union members. Cooperatives attract union as well as non-union members.

Second, each member would have one vote to insure democratic control.

Third, the cooperative would operate as a nonprofit and nonspeculative enterprise. Savings resulting from operations would be returned to the members in proportion to their carrying charges. When a member wished to withdraw, he received back his investment; no more, no less.

Fourth, the cooperative would be neutral in religious and political matters.

Fifth, the cooperative would carry on educational programs.

Sixth, the cooperative would expand whenever possible.

These are the basic principles which still govern our cooperatives today.

¹ In Commission files.

It should be noted that the first cooperative had a very difficult time securing a mortgage, because the moneylenders at that time did not believe that a group of working people could manage a \$2 million enterprise.

With the support of the union, a mortgage was finally obtained, and the cooperative was built. To the surprise of the skeptics, it proved successful.

Within three years a second cooperative was built, a block from this auditorium, on Grand Street. It was a cooperative for 236 families.

During the Depression and Second World War, there was little cooperative activity, although the original cooperatives doubled their size prior to the war, and both organizations survived the Depression and the war.

After the war the shortage of housing made expansion of cooperative housing inevitable. Many trade unions joined the Amalgamated in programs to sponsor cooperatives. Foremost among those were the International Ladies' Garmen Workers' Union, and Local 3 of the International Brotherhood of Electrical Workers in the City of New York.

Record of United Housing Foundation

In 1951, a number of trade unions and housing cooperatives joined together to organize the United Housing Foundation. The purpose of the Foundation was to assist individuals and groups to organize housing cooperatives.

Since its inception, the Foundation has sponsored cooperatives which have provided housing for more than 100,000 people, at an average cost per room of \$21.96 per month. It has cleared 72.5 acres of slums, and integrated economic and racial ghettos. These cooperatives were built at a cost of more than \$241 million, of which the members — tenant-owners — provided nearly \$36 million.

The Foundation is presently engaged in organizing and building two cooperatives, which will add some 21,374 new apartments for the city's housing inventory. These cooperatives are being built at a cost of \$435 million.

I would interject at this point, Mr. Chairman, a word about the stability of the carrying charges in our cooperative developments. In spite of continuous inflation, the monthly carrying charges have remained remarkably stable. Let me cite some illustrations.

Across the street from this auditorium is Hillman Houses, a cooperative for some 800 families completed in 1950. The original carrying charges at its inception were \$15 per month per room. Today, close to 17 years later, they average \$16 per month per room. Average carrying charges in the East River Houses, established at \$17 a room in 1956 when it opened, remain the same today, some 11 years later.

Amalgamated Dwellings was completed in 1930. Carrying charges then, with tax exemption, averaged some \$12 a room. Today they are

fully tax paying on the tax rolls of the City of New York, and the average carrying charges are \$14.02 a room a month. There has been a \$5 per room increase in the average carrying charges in the Amalgamated in the Bronx over its 40-year history.

I would also add that no family in any of our cooperatives has ever made or lost a dollar on his investment in these nonprofit, nonspeculative organizations.

I would emphasize one other point, and that is the contributions that cooperatives have made to an integrated society.

This Commission is meeting in an auditorium which is a part of the Cooperative Village on the Lower East Side of New York.

At one time this area was the most notorious slum area in the country. Today it is an area in transition.

The Cooperative Village is made up of four cooperatives, with 4,443 families — about 15,000 people. About 30 percent of the families have incomes between \$5,000 and \$7,500 per year. About 35 percent have incomes below \$5,000 per year, and 20 percent have incomes between \$10,000 and \$15,000 a year. Without the Cooperative Village, the neighborhood would consist only of poor people. With it, there is some economic balance.

Because this community is here, many middle-class white people have remained in the inner city, instead of fleeing to white suburbia.

As a matter of fact, we find that when there is decent, reasonably priced housing available, some families have returned from suburbia to the city.

Integration in the Ghetto

I would like to call your attention to another cooperative, Rochdale Village, which is located not far from the Kennedy Airport in Queens.

This cooperative was sponsored by the United Housing Foundation in 1960, and was built on the site of the old Jamaica race track, vacant land in South Jamaica, in Queens. South Jamaica, which surrounds the 170-acre site, is the third largest Negro community in the City of New York. In this area, we undertook to establish a cooperative for 5,860 families, some 15,500 people. It was our hope to attract white families to come into the area, and to attract Negro families into the cooperative.

The State of New York provided low-cost mortgage financing. The City of New York provided partial tax abatement. The development cost was roughly \$100 million. The cooperators provided \$10 million in equity, based on \$400 a room. The average carrying charges were established at \$21 a room per month. The apartments were, in addition to all of the other amenities, centrally airconditioned. I am pleased to tell you that 80 percent of the families in Rochdale Village are white, and 20 percent are nonwhite.

We believe this cooperative is significant for establishing a pattern for breaking a racial ghetto which we believe could be duplicated else-

where. We believe that Rochdale demonstrates that you have to plan large developments where neither whites nor Negroes are going to feel isolated.

Second, you work from the edge of the ghettos and not from the center.

Third, you provide such a good economic buy that it will attract minority groups, and it will be too good a buy for the white people to indulge in some of their prejudices.

In the three years that white and black have been living together at Rochdale Village, there has been relative peace and harmony.

Perhaps the members of the Commission noticed that this auditorium is above a large cooperative supermarket. It is one of two in this particular neighborhood which are owned by 4,500 families, about a third of whom do not live in our housing cooperative.

In all of our cooperative communities the people have organized other cooperative enterprises to meet their essential needs. These include supermarkets, pharmacies, credit unions, nursery schools, and day camps. There is also a city cooperative furniture center.

All of these cooperatives are nonprofit enterprises, owned and controlled by the people who use their services. I mention these other cooperative enterprises because I believe they are relative to some of the problems of the cities.

The city has been pictured as a place where people have no roots, where people are part of what has been called the lonely crowd. This is generally true, but not in cooperatives, where people have invested their own funds and share the responsibilities of ownership, where neighbor knows neighbor.

This does make a difference. Where there are cooperatives, the local police station will advise you there is little juvenile delinquency or crime. People do not destroy their own property. This point was brought out in Detroit, where whites and blacks together protected their cooperatives during the recent riots.

Mr. Chairman, I have noted but briefly a few of the highlights of how people, when given the opportunity, have the ability to help themselves obtain good, reasonably priced housing, and what these cooperative communities can contribute to improving urban conditions.

Much of what has been accomplished has been a cooperative effort between people, nonprofit organizations and their government. The slum clearance developments, for example, were achieved through the Title I program of the Federal and municipal governments, starting in 1949. In recent years, low-cost mortgage financing has been made available from the New York State Housing Finance Agency, and the City.

The cooperatives undertaken by the United Housing Foundation since 1951 cost some \$676 million.

I mentioned how difficult it was for the first cooperative to secure a mortgage of \$1,800,000 some 40 years ago. There is no longer any difficulty in securing mortgage financing. The mortgage on Co-op City on the northern edge of the Bronx amounts to \$261 million, and it

should be added that none of our mortgages are insured by the FHA. Whatever implications you may wish to draw, you may draw.

The money invested in cooperatives, I believe, reflects a tremendous amount of confidence in the ability and integrity of people to assume the responsibilities of helping themselves and managing their own affairs.

In rebuilding our cities, we believe that much greater emphasis must be placed on the role of what people can do to help themselves.

I do not wish to leave the impression with this Commission that we think we know all of the answers to our urban problems, or that cooperative housing is the solution to all of these problems.

Housing, as you have heard so many times before, does not exist in a vacuum. It is tied to problems of industry, employment or unemployment, welfare, education, transportation, cultural and recreational facilities, everything which makes up life in urban centers. I do not believe that we can look at these as separate problems.

At times, the problems seem so complex and unanswerable that we tend to agree with those who advocate abandoning the cities and going elsewhere and starting all over. That may be the simplest solution, yet we recall that President Kennedy said, "We will neglect our cities at our peril, for in neglecting them we neglect the Nation."

It seems to me obvious that we have neglected all too long the needs of our cities. The very existence of this Commission illustrates this point. To put it another way, it seems to me that we as a Nation have lost or perverted our sense of values. Without public objections we can spend \$5 billion a year on space programs, and cannot afford to attempt to rid the cities of rats.

As Mayor Cavanagh of Detroit said, "What good does it do us to reach the moon if we can't walk down Woodward Boulevard?" Perhaps this statement is indicative that we must somehow reestablish a proper sense of values.

Mr. Chairman, the urban problems which confront our cities have not materialized over night. They are the result of generations of neglect.

Urban Neglect from False Sense of Values?

Sociologists and economists of the stature of your distinguished Chairman have been pleading for decades for programs to remedy the causes of the diseases which plague our cities.

Again, I submit that much of the neglect can be attributed to a false sense of values. In 1956, for example, a year of national peace, Congress initiated the national Interstate and Defense Highway Program. We will have completed in 1972 a network of 41,000 miles, which will span the Nation. This undertaking has been called the greatest public works program ever undertaken by the Federal Government. These 41,000 miles of roads will cost about \$47 billion. Ninety percent will be paid by Washington and 10 percent by the states. The cost of

building just 1,000 miles of this highway would provide 250,000 New Yorkers living in the slums with new homes.

Our sense of values, it would appear, is to place a higher value on roads for our automobiles than on homes for our people.

We can all understand the need for highways. They are especially useful for urban people on weekends to flee the confines of our crowded, dilapidated city. We do not need to be too bright to understand the reasons powerful interests have had to persuade an administration and Congress to spend public funds for such a massive public works program. What is good for General Motors is — and you know the rest.

Unfortunately, city dwellers have no such powerful advocates to work in their behalf, and we hope that this Commission will become such an advocate.

Mr. Chairman, I am not an economist, but I can read the national budget with some difficulty, and find it makes fascinating reading. No document reflects public policy and national values as much as the national budget does.

In 1965, the farm population of the United States was a little less than 7 percent of the total population. Seventy percent of our population is living in urban centers. The percentage is expected to increase to 80 percent in the 1980s. This fact, plus the correlation between budgetary allocations for agriculture and those for urban housing and community development are difficult to understand, except, of course, when we remember that the farmers are well organized, and have powerful voices in Washington, and that relatively few, if any, speak for the city dwellers.

The 1967-68 administrative budget provides \$3 billion for agriculture and agricultural resources, and only \$900 million for housing and community development. The budget provides \$1.75 billion for price supports and related programs, while providing \$425 million for urban renewal and open space grants. The budget provides a total of \$5.6 billion for space research and technology.

These figures, I submit, seriously reflect a sense of national purpose and a sense of values, at least as seen from Washington.

Incidentally, Mr. Chairman, there are nearly 37,000 acres of parks in New York City, including a sheep meadow in Central Park.

We are considering proposing to Mayor Lindsay as a method of raising funds for urban renewal that next spring we utilize our park lands for the planting of crops, and the following year the City would apply to the Department of Agriculture for a grant under the removal of surplus agricultural commodities program not to plant these crops.

By such a program we might be able to create 5,000 units of new housing in our city.

We estimate that by utilizing vacant land and obsolete streets for the same purpose, we might be able to double the size of our renewal program. As a matter of fact, the more we study the possibilities of such an undertaking, we conclude that the city might be far better off if it somehow qualified as a rural community and came under the

programs of the Department of Agriculture, rather than the Department of Housing and Urban Development. We believe that if the city initiated a massive windowbox campaign and extensive roof garden campaign it might really qualify as a rural community.

Seriously, though, many of our urban problems result from the agricultural revolution which has transformed farming methods in our Nation. Since 1960, the family farmer has been disappearing at a rate of some 4.6 percent each year. The decline among nonwhite farm residents was 35 percent, compared with a drop of 14 percent in the white farm population.

A large percentage of these families have migrated to the cities seeking employment. I hold here in my hands Section IX of *The New York Times* of August 20, 1967. It contains 45 pages of job listings of employers looking for people to fill jobs. Similar listings are printed every week. Yet we know that most people coming from rural areas are not trained for any of these jobs. The result is increasing welfare rolls.

In rebuilding our cities, major emphasis must be on providing training for those who come from different backgrounds.

Of course, another aspect of this problem is to revitalize the economy of rural America, which would make it unnecessary for large numbers of people to vainly seek greener pastures in the streets of our cities.

Mr. Chairman, greater minds than mine have estimated how much it will cost to rebuild our cities. It does not seem to me that the price tag is the key factor. If we can appropriate \$70 billion in one year for defense, there is no question of our finding the resources to do the job if we are committed to the task. The primary question, if not the only question is, is there such a commitment? Are we as a Nation ready to adopt, as national policy, a total commitment to rid the cities, towns and villages of every vestige of poverty? Is there commitment to the task of creating a social order in which all may enjoy the benefits of a quality society?

I am disturbed, sometimes, by those who put astronomical price tags on rebuilding cities without relating them in context to the magnitude of the task required, and a specific time period.

Everything is, of course, relative. In 1937, President Roosevelt was cursed for being a big-time spender. In 1937 Federal expenditures were some \$7.7 billion. In 1947 they were \$39 billion, and by 1960 they had increased to \$76.7 billion, and in 1967-68, it is some \$117 billion. During that same period our gross national product has risen from \$90.8 billion in 1937 to \$234.3 billion in 1947 and, in 1965, to \$667.7 billion.

I hardly need remind the Commission that while the gross national product has increased, the national budget has decreased in relationship to our needs. In 1947 the budget was 17.7 percent of our national production. In 1961 it went down to 16.8, and in 1967 an estimated 15.5 percent. In 1947, the domestic programs of the budget equaled \$230.91 per capita, and in 1967 they equal \$198.46 per capita.

I wonder if these figures add up to one thing — that as a people we are more interested in having a second car in every garage, a color television set, or an ever-increasing mutual fund portfolio than we are in programs which could mean adequate health services, adequate housing, adequate education for all of our people.

As a Nation, there is no question that we can afford whatever is necessary to solve our urban problems. I submit what we cannot afford is to do anything less.

A century ago, referring to the United States, Thomas Huxley wrote, "I cannot say that I am the slightest degree impressed by your bigness or your material resources as such. Size is not grandeur, and territory does not make a Nation. The great issue about which hangs the terror of overhanging fate, is what are you going to do with all of these things?"

I submit that as a Nation we cannot be proud of what we have done with our inheritance. We have for too long been content with a system which has permitted the rich to become richer, and for the poor to remain in poverty.

It is to basically change these conditions that we must seek a commitment to fundamental change. I hope we have progressed enough in our social outlook that we can place greater emphasis on the public nonprofit and public sectors of our society to solve our basic urban problems. There is little hope, I believe, that we can rely primarily on private profit enterprises to meet the needs of the people.

What the people have accomplished through their cooperatives, labor unions, and other institutions encourages us to believe that with the cooperation of their government they can contribute much to solving our urban problems.

I believe that the remedy needed to solve our urban crisis goes far beyond what is envisioned in what is called the Model Cities Program, in which so many place so much faith.

The \$900 million allocated for two years for this program is but an insignificant drop in the bucket. It is another example of using band-aids to patch up our decaying cities.

In the bureaucratic terminology, the program was originally called the Demonstration Cities Program, and later changed to Model Cities. As envisioned, \$900 million will be divided between some 135 cities. To me this seems like another program which will raise false hopes and end in bitter frustration.

The need of our cities requires far more than demonstrations or model programs. They require a total commitment of renewal and revitalization. We need action and construction, rather than reports, studies, and a few demonstrations. The archives of our planning commissions are stuffed with enough studies to enable us to rebuild our cities many times over. The trouble has been that a very few of the studies have ever been turned into reality.

War on Urban Problems with Total Commitment

If there is commitment for solving our urban problems, then I submit we should gird ourselves for an all-out war on these problems. Mr. Chairman, I use the word "war" very advisedly. It seems to me that the seriousness of our urban problems requires the use of many of the same types of measures we would have had to use if we were actually engaged in a foreign war. Unless we take such measures, I do not believe we can begin to cope with these problems. I believe we can and should mobilize our resources and our people for such a war.

In times of peril the people have always responded to meet any crisis. Given reasonable assurances of genuine improvement, I believe the people would accept the temporary sacrifices which are necessary to win such a war.

I would begin by creating an agency with powers as broad as the War Production Board had in World War II. They would use the power to allocate national resources, to regulate profits and wages. I would give them powers of condemnation, and the authority to create new towns to relieve pressures on our major cities.

What I am suggesting may sound like drastic measures, but I believe the times require radical changes which are impossible to achieve under the antiquated, conventional methods we have of doing things. Many of our problems are of an immediate and pressing nature that require immediate and drastic action. However as we rebuild our cities, let us remember that if we are to avoid these crises in the future, we must build not only for today, but meet the needs of the 21st century.

Let us start first with land patterns. Most of our major cities are attempting to meet present needs with road and street patterns which were established in the 18th century.

In this city, for example, 30 percent of the land is devoted to streets and highways. When we deduct parks and vacant land, the percentage devoted to residential and commercial areas is 43 percent. When we rebuild the city, let us create superblocks, and let us utilize worthless streets for housing and related facilities.

The location of poor industries in the most valuable section of the city, and the lack of industry near residential communities, are another misuse of land. In rebuilding our cities, let us establish patterns where there will be a correlation between industry, business, and residential neighborhoods. Let us give government the authority to make such designations.

Would it not make more sense, whenever possible, to give priority to the redistribution of land and parks, and the relocation of public facilities and institutions, rather than causing people the often traumatic frustrating experience of adjusting to new situations?

Let us substitute intelligence for sacred cows. Where necessary, let us, for example, use existing parklands for the general welfare, and create additional parklands where it will do the most good, adjacent to our residential communities.

Let us also give municipal government the authority and the financial means of buying land outside of its geographical present boundaries, if necessary, to create towns which could serve two purposes:

First, they would create facilities to rehouse families from areas of the city being demolished and rebuilt.

Second, they would service temporary staging areas, if we can use that phrase, for those migrating to the cities from rural areas. They would serve in this respect as a halfway house, while families find employment and housing in the cities.

One of the important functions of the city would be to provide training, so that these people could qualify for the jobs that do exist in the cities.

Mr. Chairman, there are literally hundreds of major programs that must be undertaken if we're going to solve our urban problems. All require imagination and much money. Time does not permit even mentioning many of them.

The greatest need in our city, I would venture to guess, is to break down the walls of the ghettos, to achieve racial and economic integration. There are no simple solutions to this problem, or to any of the problems of urban life. Our public housing programs and our middle-income housing programs, we must admit, have been responsible for creating some of the ghettos.

In rebuilding our cities, I believe we can profit from the mistakes of the past. In creating new neighborhoods, let us create new housing.

Let us be naturally integrated by utilizing mortgage financing and tax methods which will make it possible to create within the same building homes for those with incomes of \$2,000 a year and those with incomes of \$20,000 a year.

This, I believe, Mr. Chairman, is the simplest and most effective method of achieving integrated housing and integrated neighborhoods.

In conclusion, Mr. Chairman, let me say that the problems of our cities require a program based wholly on total commitment. Anything else will be folly and will result in the same old inadequate measures of the past. If there is total commitment, let us mobilize our resources and the people of this Nation to solve the problem of our cities.

Let us demolish sacred cows and antiquated theories of the past. Let us, for the first time, put the needs and welfare of the people before the sanctity of profit. Let us give meaning to equality by giving all the opportunities, not for minimum wages, but for a dignified living wage.

Let us create housing, not for one group or one class, but for all people. Let us develop cities and urban centers where there will be no slums, blighted or depressed areas, where poverty, disease, crime and delinquency shall not and cannot exist.

This is the task to which we should set ourselves.

Thank you very much.

MR. DAVIS: Thank you, Mr. Ostroff. Now we will hear from Mr. Liblit.

MR. LIBLIT:¹ Mr. Chairman, since the subject of this afternoon's hearing is cooperative housing, I will confine my remarks to just this area.

Although I do not believe that co-ops are the one and only solution to providing decent housing for low- and middle-income families, I do believe that the co-op movement has accomplished a great deal and that it can make even greater contributions than it has in the past.

Co-op Housing for Low and Middle Incomes

Significant social progress can be achieved for low-income minority families through opening the way to cooperative ownership in public housing, and by providing for admission of low-income families to middle-income cooperatives. I want to emphasize that cooperative housing should be considered along with other tools which we will have to utilize in order to make any substantial impact. Public housing, urban renewal, code enforcement, rehabilitation, neighborhood conservation, attracting private capital; all of these are valid techniques, all of them are useful; and all of them have their limitations.

Cooperative ownership and operation of housing has become accepted practice in the New York area. Cooperatives are currently responsible for about 60 percent of the housing this city is producing today for middle-income families. I define middle-income as the group which is too well off to qualify for subsidized public housing, but is just not able to afford the new housing which is produced under private auspices.

This is a pretty broad range. It is an economic fact in New York that without public assistance, land write-down, tax abatement, low-cost mortgage money, and other such subsidies, we cannot produce housing which moderate-income families can afford. The private sector alone is not able to produce new housing renting for less than \$40 to \$50 a room per month.

A family earning less than \$11,000 a year can barely afford a two-bedroom apartment in unassisted new housing. This is the group which has been moving to the suburbs in New York and other big cities. They are in search of better housing, schools and more attractive neighborhoods. Cooperative middle-income housing is helping to stem this tide, and has even been able to woo some of these families back to the city.

Cooperatives are in the best position to take advantage of the special legislation to assist housing for middle-income families. In New York State the Limited Profit Housing Act of 1955 — and throughout the

¹ Program Director, Center for New York City Affairs, and Associate Dean, New School for Social Research. Formerly Director of Research for Association for Middle-Income Housing, New York City. Author of *Housing the Cooperative Way*, Twayne Publishing Company, New York, New York (1965).

nation the Federal below-market interest rate program, 221(d)(3) — offer major assistance for cooperatives. With government providing low price mortgage money covering 90 percent of the development cost, potential tenant-cooperators are able to afford the remaining 10 percent, somewhere between \$400 and \$600 per room, representing the equity investment in a cooperative unit. These subsidies have not been established specifically for cooperatives, but the co-ops have been most aggressive in availing themselves of these aids. The growth of cooperatives may be explained by these legislative programs and by the existence of public service type of housing organizations which have the requisite professional skills and are organized for the purpose of cooperative housing development.

Advantages of Housing Co-ops

It is estimated that carrying charges in cooperative housing throughout the country range from 10 to 20 percent below rentals in equivalent private housing. Since the cooperative is mutually owned and controlled by its members, the carrying charges are based on the cost of interest and amortization, taxes and maintenance. Savings are derived from the elimination of profits in operations.

In addition, cooperatives tend to attract a more stable population. Turnover is substantially lower than in rental properties, and collection losses are reduced. Resident owners take better care of their properties. Cooperatives generate an internal pressure for self-policing and holding down costs which is absent in rental units.

In New York City, cooperatives which are members of a cooperative housing federation can take advantage of centralized management and technical services, group purchasing, special insurance coverage and so forth. Large-scale, consumer-oriented cooperative services can help reduce costs for the housing consumer, just as they have in the past for the farm consumer, or just as credit unions have reduced costs for credit consumers or group health practices for the health consumers.

By far the most important savings in housing have been achieved through the developmental operations of the cooperative housing public service organizations.

Ways to Build Co-op Housing

There are many ways to initiate cooperative housing. Some of the early projects were started by families who got together to build housing for themselves. Most of them were not successfully completed. The amateur is in no position to deal with site assembly, financing, construction, or the other complexities of the housing game.

Even where a project was successful, it was a one-shot approach with no provision for a continuing program. This is the "Mr. Blandings Builds a Dream House" approach. Mr. Blandings never built a second dream house because he was too exhausted by the first.

Cooperative housing has also been constructed by the private builder-sponsor, who turns a development over to families who become the eventual owner. The advantage to the builder of cooperatives over rental units is that he can do more construction with the equity provided by future cooperators than he could with his own money alone. However, there is an inherent conflict of interest in this arrangement. The builder acts for himself, not for the future owners, and the consumer's viewpoint does not predominate. A large regulatory agency bureaucracy is needed to look out for the interests of future cooperators.

A third approach — which has been most successful — is development by nonprofit, cooperative housing organizations. These agencies have been responsible for the best middle-income housing in the country, e.g., the United Housing Foundation in New York or the Association for Middle-Income Housing on a smaller scale in New York, or the Foundation for Cooperative Housing which has been responsible for a large part of the 221(d)(3) housing throughout the nation. These organizations have been successful because they are consumer-oriented. They are professional agencies with the organizational and technical skills necessary for the development of co-op housing, and they are able to carry on large-scale operations, or at least much larger scale than is possible in the private sector.

Large-scale operation seems to me to be the crucial factor in reducing the cost of housing. A study produced by the White House a few years ago revealed that there wasn't a single builder in the country who produced more than 5,000 dwelling units per year.

American Housing Industry Outmoded

The American housing industry is fragmented and highly localized. There has been little experimentation with new building methods or materials and few innovations in the housing field. The large number of small building contractors are in no position to conduct meaningful research. As a result, building costs continually rise and the building trade unions and most of the builders seem to be quite content to pass these costs along to the consumer.

We can't place the entire blame on builders and unions. Residential housing construction is a very unstable segment of our economy. Labor faces a ragged pattern of work, with no commitments for continued employment. What we need is a long-term plan, a long-term commitment by government for a continued construction program. New York City alone could use 50,000 units per year of low- and middle-income housing for the next 10 years to meet an estimated deficit of 450,000 to 500,000 housing units.

With a planned program we could negotiate for mass production. We might induce the unions to accept labor-saving devices and to ease up on some of their restrictions in exchange for permanent employment and we could search for new and less costly construction methods.

Residential construction is a backward industry. The ancient Babylonians were building houses, brick by brick, and we are still building houses brick by brick today. Some European countries are far ahead of us, particularly in the organization of their housing industry. Sweden, for example, has one-twentieth of our population and yet just one consumer-controlled organization — HSB — produces more than twice as many dwelling units as our largest private developer. In Sweden, where construction workers can depend on sustained employment, building trade unions are in the forefront in encouraging mechanization.

We need to figure out a way to take advantage of the savings inherent in this kind of large-scale enterprise. Housing has to be produced wholesale rather than retail. The consumer-oriented development organizations are moving in this direction.

Co-op Ownership of Public Housing?

I would like to say something about housing for lower-income families. The cooperative movement, unfortunately, is not able to do very much for this group. Housing the poor in government-owned projects, public housing, is just one approach. I don't sell this short. Public housing has provided thousands of families with decent homes, but we ought to consider other means for housing low-income families, as well. One of these might be cooperative ownership of low-income housing projects, where the residents themselves will be responsible for their own housing community. A major theme of the Nation's poverty program is "the maximum feasible participation of the poor."

We need to develop community action type programs in many fields, which involve the poor themselves. People have to feel that they are able to determine what happens in their own community. Cooperative housing can provide such opportunities at the grassroots level. Local housing authorities should initiate training programs towards these ends. They should utilize the organizational and educational talents of the cooperative organizations and, at least on an experimental basis, turn over selected public housing projects to the cooperative ownership of their residents.

Even more important is the need to open up middle-income housing to low-income families. Cooperative housing has not been available to low-income minority groups. This is not because the co-ops haven't made positive efforts to attract Negroes and Puerto Ricans. Indeed, nondiscrimination, in this case open occupancy, has always been a basic principle of the cooperative movement. The carrying charges, however, and the equity investment necessary to support middle-income housing are just too high for many families who need such housing. In New York City, these are largely minority groups. Racial segregation is not nearly as great a problem as economic segregation, which of course has the same effect.

Local housing agencies should be permitted to purchase membership for lower-income families in middle-income housing cooperatives.

We could set aside a fixed percentage of middle-income units for this purpose. The new low-income residents should not be tenants, but cooperators with full ownership rights. Such a program could be an effective start for breaking up the ghetto. There have been attempts at this. The 1965 Housing Act called for rent supplements to allow low-income families to live in cooperatives or nonprofit or limited dividend housing, but the program was never funded; and the amount of subsidy permitted and the limitations on construction costs were too low for New York City in any case.

The City of New York has enacted legislation creating a capital grants program which tries to do the same thing. But here, too, the appropriation is so tiny as to make the program little more than just an experiment.

I want to stress again that I am not attacking public housing. We need a lot more public housing. But I am just saying that housing of low-income families in private cooperative or limited-profit dwellings is an additional technique which has some real practical and social advantages. Our housing policies in the past have promoted economic stratification and tend to maintain the ghetto. Segregated communities, whether low- or middle-income, are not very democratic and they are not very satisfying places in which to live.

We should be more flexible in setting criteria for admission to publicly aided cooperative housing at both ends of the income spectrum. Just as we need to provide the wherewithal for lower income groups to enjoy the benefits of cooperative living. We should offer similar opportunities to higher middle-income families.

The limits on income eligibility need to be raised, so that some families with higher incomes who still have difficulty in obtaining housing in the private market could qualify. Such families could pay the economic non-subsidized rental of the unit, with the benefits of tax abatement or public financing and other subsidies accruing only to the lower-income residents. In effect, we would be subsidizing the apartments, rather than the entire building.

May I just conclude by saying that cooperative housing has proved to be a useful technique and it needs to be expanded. But no method whether cooperative or otherwise will accomplish very much without long-range public commitment and large-scale financial assistance. Thank you very much.

MR. DAVIS: Thank you very much, gentlemen. Since your combined experience far outstrips any other individual or group in cooperative ownership, I would like to ask the Commission if they will avail themselves of the opportunity to ask any questions of our panel.

QUESTIONS BY COMMISSION MEMBERS

What Makes a Co-op Tick?

MR. DOUGLAS: *Yes, there is one question I should like to ask. The cooperatives have been given tax advantages which are common to*

other middle-income housing groups — lower interest rates in New York, lower tax rates in real estate, and certain Federal tax advantages. To what degree has the success of your cooperatives been due to these conferred advantages, and to what degree have they come from the economies in maintenance and operation and reduction in costs?

What about breakage of glass? What about cleaning of buildings? What about all the other possible economies?

MR. OSTROFF: I believe that it is really a combination of both, Mr. Chairman. The initial help that is given through the tax subsidy program of exemption for certain portions of the real estate tax bill, and the low-cost financing definitely help a great deal in the beginning to attract people to the development because of the lowering of the cost of housing.

However, there are a number of cooperatives already in New York City which have outlived those advantages. The Amalgamated Housing in the Bronx, for instance, has been on a full tax payroll for 20 years.

I think the additional thing of importance is the fact that during this period of time the people learned two basic things: Number one, they have to be concerned about their property, and they have to work together with their neighbors to develop a viable, economic product.

These results come about by the fact of a common concern for maintenance problems, a concern for not pricing the housing above the ability of the present occupants to continue to live in that development.

This is a very ticklish situation, because since you do have some variable economic groups, even within this middle-income group, the tendency in some cases is for those a little better off to start talking about additional services for the whole cooperative.

Occasionally you get a few families that will get together and say, "It would be lovely if we had somebody here to accept our packages when delivered if we are not home."

However, I think they have also tempered their desire for additional costly services, so they don't price out the person who, one, can't afford that service and, two, doesn't need it.

On the maintenance end, there definitely is a direct relationship.

I think our own records would indicate that the stability of the carrying charges I mentioned before reflects the fact that, despite rising costs, a cooperative community effort to maintain policing, to maintain a degree of cleanliness which doesn't involve additional labor to clean up the place, and a real low level of vandalism is an advantage. For example, a father walking through the garden, if he sees someone else's child doing something wrong, has a relationship with that child, as with his own family, and can try to convince the child that to destroy is costly.

I think all of these things are more lasting benefits, and more important than the initial. I would say the initial aspect does give it a spark. Tax abatement and low-cost money give it a spark to attract that economic group of people. But as the cooperative gets older, and

it outlives some of these financing methods, other things develop. We have a very unique situation across the street, where we had a financial institution that held a mortgage on that Amalgamated project for a long period of time.

About five years ago, the mortgage was reduced from its original figure of close to \$1 million to \$250,000. That was the mortgage.

We went to the people — some 236 families, and asked the question, "Should we go back to a financial institution, or can we finance this mortgage ourselves, now?"

Very quickly — I would say within maybe a period of two or three months — the people came to their own conclusion and they bought bonds to provide \$250,000 financing at a lower rate of interest than we would pay to a financial institution, in order to maintain their carrying charges at a lower level.

We do believe, then, that there is an osmosis effect of the cooperative philosophy in thinking that does get through to people over a long period of time, that does inure to the long-lasting effect of cooperative life.

MR. DOUGLAS: *May I ask one more question? Mr. Potofsky said the delinquency rates had been low. I wondered if you could give definite statistics of the delinquency rate and crime and so forth. Have you had any murders in the cooperative apartments?*

MR. OSTROFF: The cooperative unit that is the longest in existence is the one in the Bronx. That is celebrating its 40th anniversary this Thanksgiving. It started out with 303 families, and now has 1,800 families.

I don't think they would even reach a 1 percent factor of delinquency. We don't have the statistics, but they are so overwhelmingly positive that it never really interested anyone to find out exactly how much, because it is an open thing.

Most of the children benefit from the economies of housing. Their families otherwise might not be able to afford a cultural and educational life for their children. This, I think, is extremely important.

A tremendous percentage of the children that come from relatively low and moderate wage-earner families in our cooperatives in the Bronx have gone on to high school and college. The families have been able to support a college education for their children, because most of the budget was not devoted to exorbitant rentals.

Similarly, while they are growing up, the children's exposure to the music, drama, ceramics, art and other classes, which were formed cooperatively at a cost the parents could afford, provided a cultural life which we believe is one of the best assets we have given to the American society.

These younger people are developing as fully matured and fully educated people.

The statistics in our oldest project — and I think it follows through in most of them — indicate a position completely opposite to the increasing vandalism and delinquency that exists generally in our cities.

In the cooperatives, it is diametrically opposite. The tendency is to reduce crime.

I believe you visited Penn Station South, this morning, which is over on the West Side in Manhattan. I think if you would have the time, or one of your staff people would go into the Tenth Precinct Police record there, they would tell you that in the last five years of the occupancy in that area by the 2,800 families in the cooperative, they have had a tremendous downgrade on their graph of delinquency and crime.

I might say that not only for the people living in the cooperative is this true, but I think there is a cause and effect here between the cooperative itself and the surrounding community. I think it does have a very positive effect.

I don't have any specifics.¹

MR. DOUGLAS: *I wish you would get some statistics on this. You can't argue against figures.*

MR. DAVIS: Are there any other Commission members who want to ask questions? If not, we will hear from those who have been good enough to offer to give us their testimony.

PUBLIC WITNESSES

Mr. Seidel: Plight of Displaced Small Businessman

MR. SEIDEL: Senator Douglas, and members of the Commission: My name is Leon Seidel, and I reside at 268 West 12th Street, New York City.

In view of the short time allotted to me, I will speak on the one phase of urban renewal, which is in my opinion the most important, and the least discussed by the officials. That is the serious problem of dislocation of businesses due to urban renewal or rehabilitation.

In the past 20 years, this has been the major cause of the tremendous loss of businesses in New York City, plus the loss of tens of thousands of permanent jobs.

When we — meaning our Federal, state or city government — make a decision to take on an area for renewal, the dislocated business does not receive full compensation. And as a result many businessmen, rather than dig into their private capital, go out of business. They just simply may not have sufficient funds to relocate.

Just so none of you gentlemen will misconstrue what I mean by full compensation, I will spell it out in the four areas where I think compensation should be given.

One, all moving costs. That is, the actual physical act of moving the business to its new location should be paid in full by the government.

¹ See additional written testimony on this, page 313.

Two, in the new location the cost of all services necessary to get this business back into full operation such as electrical, plumbing, carpentry, etcetera, should be paid in full by the government.

Three, any difference in rents between the new location and the old location should be paid by the government for two years, so that the business will have a chance to survive in its new location.

Four, any loss in net profit because of its move to the new location should be paid by the government for two years.

If we want some location which we believe is good for all, then all of us should economically pay compensation — that is, full compensation — to any business which is forced to move. Otherwise, I say keep your cotton-picking hands off other people's properties or businesses.

Business is the cornerstone of our urban communities. Without it you have suburbia.

There seems to be a strange, and in my opinion immoral, attitude that in the name of progress someone should suffer. Let us all suffer together, and not put the whole burden on the businessman, who in many cases has worked 10, 15 or more years building up his business — and in one fell swoop his life is in ashes.

Recently, the Port Authority ruthlessly uprooted hundreds of businesses, causing undue financial hardship with minute compensation.

Thousands of permanent jobs were lost, and our Mayor did not raise a finger to try and get full compensation for those businessmen.

The businessman is not asking for charity, but for justice. It is high time we gave serious thought to the possibility that our present approaches to urban problems are wrong, and just are not doing the job.

We need a complete new outlook on ways and means of solving our problems. If we continue our present course of action, we will only be compounding our problems, rather than solving them.

I would just like to add one point. You listened, just before, to the cooperative people. The one thing that they completely forgot to tell you was what happened to the people who lived there, what happened to the businesses.

Underneath it all, the picture was so rosy that I fear even to mention it in this sacred hall. The thing they didn't tell you about the United Housing Foundation is that United Housing Foundation is a non-profit organization but they have a wholly owned private corporation — Community Services, Inc. — that is making a heck of a lot of money.

If you try to investigate and find out where that money goes to, you might find it is lining the pockets of these pious men who have just come up here to give you a bunch of poppycock on what is going on.

They told us of the wonderful things about the ILGWU housing, which they think is wonderful. They didn't tell you what happened. They didn't tell you what happened to the 3,200 families dislocated, or the several hundred businesses that were dislocated. It is high time you learned.

I don't mind if the United Housing Foundation goes out to Jamaica and builds 5,000 units. They have not dislocated anybody. They have not taken anybody's home away from them. I don't mind it.

But when they talk about moving in and taking away other people's property without proper compensation, this here is what is wrong with the whole program.

Unless you have learned that a business when it is taken away, dislocated, must be brought back and nurtured and brought back so the jobs will continue, we will lose. Without the businesses, what good is all your homes? Where will the people work? Where do you think the ambition of people is who came from the Jewish areas, and the Italian areas, and the Irish, and so forth? They were the ones that built their way out of the ghetto, and had the ambition to go out and start businesses. We are taking away that ambition.

These cooperators are monsters, and you had better learn it fast. Believe me, they are no good.

MR. DAVIS: Thank you.

Mr. Ostroff, if you care to submit a written reply to Mr. Seidel's charges, we would be happy to include it.

MR. OSTROFF: I would be glad to.¹

MR. DAVIS: We will now hear from City Councilman Edward Koch.

Councilman Koch: Day-Care Centers, Job Training

COUNCILMAN KOCH: Mr. Chairman, Mrs. Smith, Senator Douglas, and members of the Commission: My name is Edward Koch, and I am a City Councilman here in the City of New York.

I'm going to limit myself to the five minutes and merely bring to your attention some developments that occurred at a hearing that was held in June of this year, which I was co-chairman of with Percy Sutton, the Borough President. This was a hearing devoted to public welfare.

Two salient points came out after hearing 16 witnesses in two days of extensive hearings.

I would like to address myself to those two points and bring them to your attention. One had to do with day-care centers.

The fact of the matter is that 80 percent of people on welfare are mothers with dependent children. The fact is that you cannot get them out on the working rolls until you get nursery and day-care centers.

What was so shocking was the fact that here in the City of New York, Mitchell Ginzburg — then Commissioner and now Administrator — said that there are only 3,000 openings in the day-care centers, and there are 100,000 children who could go into day-care centers. He also said that with all of the new funds that had been voted — and the City Council had just then voted an additional \$5 million, which the Mayor had vetoed and which we overrode the veto on — there are money problems, though we did appropriate the additional \$5 million.

With those millions, with the additional Federal moneys that would become available, there would only be additional day-care center slots

¹ See page 204.

for another 7,000 or possibly 10,000 children in the next year, whereas 100,000 children would be eligible.

This is a very important point: It costs \$1,200 for each day-care child. At the moment it costs \$1,500, but Mitchell Ginzburg says it could be reduced to \$1,200. It would take \$120 million to provide slot openings in the day-care centers for children who are now with their mothers on public welfare.

It seems to me that this is a very important area that deserves Federal consideration, with more funds being appropriated, because the City cannot possibly provide \$120 million.

MR. DAVIS: *Is that the operating cost — \$1,200?*

COUNCILMAN KOCH: It is \$1,200 outside of relief funds for day-care centers for each child; \$1,200 was the cost Mr. Ginzburg quoted.

MR. O'NEILL: *Every year?*

MR. KOCH: Yes. It now costs \$1,500. They can bring it down to \$1,200, but that is the minimum.

The second salient point that came out of the hearing — and this was really shocking, at least to me and the other people there — was the point made by Commissioner Gans of the Manpower Commission.

He said there are thousands of jobs available in this city — and I believe it was Mr. Ostroff who made the point that all you have to do is pick up the want ads. There are thousands of jobs in this city available, and we can't fill those jobs. Why? Because the people are not trained.

It seems to me that what we need to have is an on-the-job training program. We do have it in small part, but it is not a very good or working program. That means that you have got to get the business people in this city willing to fit the job to the person. It doesn't work that way now.

What they say is, "This is the job. These are the qualifications. If you can't meet those qualifications, don't bother trying."

And so people don't bother trying, because they cannot meet the qualifications, for schooling and for other reasons. But what we have got to do is put people in the jobs, even if they can't fill them adequately at the moment, and you can't impose that on the businessman and say, "You have got to carry the load." You can't do that.

But what we can do is what we did in World War II. I am a veteran of the Second World War, and I know we had on-the-job training then. I think it was great.

I think when the Federal Government said to the manufacturer or the business person, "You take this veteran, now, and put him on the payroll. If you agree that within a certain period of time you will pay him the full wage that you are now paying someone who is fully trained, we will make up the difference."

In a short time all those people who were put on the payroll on that basis were fully earning what they were costing the manufacturer in wages.

And so I would urge you to look into the question of getting the cooperation of the business community by subsidizing, through Fed-

eral funds, the employment of people who are not now able because of lack of training to fill those jobs.

I will close on just this one ramification of the thing last week. My own feeling is, and it is not an opinion which I have developed — I have heard it many times, but I happen to concur — is that the employment and housing and education problems we have cannot be handled by the government alone. It is just impossible.

Funds are not there, for one reason or another. The private sector of the country has to be involved, and you can get them involved. It seems to me that if employers are asked to take over the training of people, that it is going to be far more successful than when the government does it.

I will give you one illustration, and that is the Port Authority. The Port Authority runs two programs for employing people. Of all the programs that were mentioned at the public hearing that I alluded to, those were the two that were deemed to be the very best.

This is just a fraction. The Port Authority trains just a few hundred people a year. One program is called BEST. I don't recall what the other one is called, but those were the only two which the Port Authority runs that had any meaning at all.

It seems to me we ought to get business involved totally. Let them go out and train people. It seems to me that in almost every area of the city, whether housing, or even education, the expertise that private enterprise and business can bring to the situation will do far more than what the city or the state or the Federal Government will do, through the people who are many times very able and very competent, but overall do not have the expertise that private enterprise can bring in this very area that I have just mentioned. I thank you.

MR. DAVIS: Thank you very much, Councilman. We are very pleased that we have with us from the Community Service Society¹ Mrs. Barbara Reach, Staff Associate for Housing and Urban Development.

Mrs. Reach: Flexible Income Limits for Public Housing

MRS. REACH: Mr. Davis, Senator Douglas, and members of the Commission: As Mr. Davis has told you, my name is Barbara Reach. I represent the Committee on Housing and Urban Development of the Community Service Society. This society, the largest family welfare agency in the United States, has always combined social action with direct service to families and individuals, and from its very beginnings recognized the influence of housing conditions on family life.

The committee has worked, since its founding in 1898, for programs to establish and enforce standards for multiple dwellings, expand the housing supply for low- and middle-income families, secure social and economic integration, work with teachers, and improve the city environment through zoning and planning.

¹ Community Service Society, nonprofit, nonsectarian organization founded in 1848 "to help troubled people through counseling, community action research."

Our views are thus based on broad experience extending over many years, and we welcome the opportunity to present them to this Commission.

To us, the most obvious need of the poor families now trapped in the slums is much more low-rent housing — far more than has been provided or even projected under any existing program.

A number of promising new techniques for increasing and diversifying the available supply have been developed in recent years, among them rent supplements, leasing by the housing authority of private housing to be subleased at reduced rents, the “turnkey” method of building housing for an authority, and rehabilitation combined with rent supplements.

We support them all wholeheartedly, and in particular consider rehabilitation as a technique of great potential value that should be used on a much larger scale.

We deplore the recent defeat of the rent supplement appropriation in the House of Representatives, and hope that as a result of Senate action the program may yet be salvaged.

But no one of these new techniques, nor all of them combined, can begin to meet the needs. A vast amount of housing must be built. This housing should be built throughout the city. Some, of course, must be in deteriorating or slum areas; but much of it should be in sound neighborhoods, well outside the ghettos.

It is also important that the new housing include far more units for large families. You may recall that the United States Housing Act of 1937, as amended, states in its declaration of policy: “In the development of low-rent housing, it shall be the policy of the United States to make adequate provision for larger families”

In spite of this, a mistaken Administration policy sets the ceiling on development costs in units rather than in rooms. The result is that of the 3,612 units expected to be completed during 1967 by the New York City Housing Authority, only 980 will have three or more bedrooms, whereas no less than 40,000 applicants need apartments of this size. These are the families most in need of help.

There is a faint chance that some of the others who want public housing could find adequate apartments in the private market, but there is virtually none for the large families on the waiting list. According to calculations, based on a survey made in 1965 by the Rent and Rehabilitation Administration, in the whole city there were only 6,836 vacant private rental apartments having three or more bedrooms. Of these, only 2,274, or slightly less than one-third, rented for under \$100, and 3,177, or less than one-half, rented for under \$125.

In these circumstances, the Committee finds it ironic that the New York City Zoning Resolution requires a number of spaces for cars proportionate to the number of apartments, regardless of the high cost, while large families are still being moved from one slum apartment to another, with the excuse that big apartments are too expensive to build.

Still, in connection with public housing, the committee wants particularly to stress the very deleterious effects of the present rigid rules on continued occupancy which require an authority to evict tenants whose incomes exceed a certain ratio to the rent set for their apartment.

In this way, the more successful families — the very ones who are most likely to take a constructive part in community life, and by their example to stimulate and encourage their fellow-tenants — are consistently forced out. It is small wonder that the general public thinks of public housing tenants as a uniform mass of failures.

If we are to avoid a completely stratified and sterile society, it is of critical importance that tenants whose incomes have risen be permitted to remain in public housing as long as they wish. Some, of course, may choose to move out, but none should be forced to. Those who remain should pay surcharges in proportion to increased income, up to or even beyond the economic rent, and these surcharges should be used either to lower the rent on other units, so that very poor families can be admitted, or to help pay the cost of additional public housing, either new or leased. The change is long overdue, and it's particularly urgent at this time, when so much of our attention is rightly focused on the evils of segregation.

The current policy has done much to turn public housing into another kind of ghetto — racial, social, and economic.

When considering applications for admission, the New York City Housing Authority does as much as it can to foster integration, but an inquiry recently completed by this committee demonstrates clearly that the number of white families evicted for "over-income" is out of all proportion to the number in the projects.

Statistically speaking, not many families are affected; but the principle is entirely wrong.

All over the Nation efforts are being made to encourage integration; but the New York City Housing Authority is forced to operate under a law that has precisely the opposite effect. We are convinced that a mixture of income groups would bring about a conspicuous improvement in the atmosphere and functioning of public housing, and we hope that the Federal Government will liberalize its policy so as to help, rather than obstruct, the realization of its principles.

The arguments against eviction for overincome apply with equal or even greater force to publicly assisted housing. Leaders of every city in the Nation are dismayed at the exodus of middle-income families and its social and economic consequences.

Yet at present, members of this essential group, even those who have bought cooperative apartments, have no more security than upwardly mobile families in public housing, and thus no more feeling that they have a stake in the community. This situation is disruptive to families, and very damaging to the project, the neighborhood, and ultimately the whole city.

In our opinion, no cooperative owner should ever be evicted because of an increase in income, but should pay higher monthly charges

in proportion to income, up to the point where his unit is fully tax-paid.

The social advantages of stable occupancy are obvious. Moreover, the policy we advocate would reduce the amount of government aid needed for these cooperatives.

Since the Federal Government is concerned with the well-being of its citizens, and has recognized that this must include proper housing, we believe that in addition to building new housing, the Government should try to ensure that the supply already available does not deteriorate.

Here code enforcement plays the major role. This committee has made several detailed studies of enforcement in New York City, and through the years has noted, with weary regularity, that the Department of Buildings has never had the funds it needs to carry out its mandated responsibilities. We urge that more Federal funds be devoted to this absolutely essential service.

Furthermore, the Federal Government should use its influence to obtain regular cycle inspection of all units. Many persons do not realize how many families in New York City live in one- and two-family houses — over 800,000 families.

Although these dwellings have at last been included in the new housing code, they are exempt from cycle inspection, being inspected only in response to complaints. This is nonsense.

The Society's caseworkers have told us repeatedly that their clients are afraid to complain, especially if they live in decontrolled units, and so have no protection against eviction; and one- and two-family houses are not under rent control.

There is little point in bringing these houses, many of which are actual or potential slums, under the law unless they can be inspected regularly.

Among the great problems of code enforcement, as you know, are the endless delays of criminal court procedure, and the ridiculously low penalties given delinquent landlords. The combination, we have found, amounts to an open invitation to landlords to neglect their properties.

We therefore want to call your attention to a New York State rent abatement law, enacted in 1965. This committee, together with the corresponding committee of the Association of the Bar of the City of New York, drafted the law and played a major part in securing its passage.

If serious conditions that have been deemed to be rent impairing remain uncorrected six months after notice under this law, Multiple Dwelling Law Section 302-a, the tenants affected may stop paying rent. If the landlord then sues, the rent is paid into court, and is eventually turned over to the tenant or the landlord, whichever prevails. The rights of both parties are safeguarded by additional provisions.

This law was discussed at some length during the very useful Conference on Legal Rights of Tenants, held in Washington, D.C., last

December, and we hope that similar legislation will be passed in other states.

I have touched on many subjects during the time allotted me, because we consider all of them important. But in conclusion I want to reiterate the committee's opinion, that the first priorities are the construction of much more low-rent housing, and the establishment of more reasonable and socially constructive rules on continued occupancy.

There is an additional point which is not in our statement, which has recently come to my attention — two days ago, as a matter of fact.

I should start by saying that it appears as though the Senate may retrieve or may save the rent supplement program, a program that we earnestly support.

Now it has been called to my attention that the way the report is written may knock out the nonprofit group. May I say this has nothing to do with the Community Service Society directly. We are not sponsors, and we have not thought of being a sponsor.

I imagine the Commission would include many members who are in favor of the participation of the nonprofit group. They bring a lot to this program, and I think we all agree that they should be encouraged.

But, according to a report that I received a day or two ago, the wording of the report of the Appropriations Committee will require the nonprofit groups to put up 5 percent equity money, which they are not now required to do.

If that is indeed the case — it isn't entirely clear to me, and I made a couple of calls to Washington since yesterday trying to clarify that — but if it is correct, I think it would be most unfortunate, and we should try to have it changed so that the nonprofit groups could continue to participate in this program, both in the market interest program and the below-market interest program.

There were a number of other points I wanted to make, but I won't trespass on your time.

I will underline what was said earlier about the housing need of large families, and the \$20,000 limitation on development cost.

I hope that is something else that you will try to help us get changed in Washington. Thank you very much.

HOWARD SHUMAN [Executive Director of the Commission]: *The Community Service Society has done a number of studies in some of the areas in which we are interested. One of them is housing code enforcement.*

Would you be willing to send us whatever studies you have done that you think are relevant to our work?

MRS. REACH: I would be delighted to, and I had hoped to say a few words about code enforcement.

I think since the Federal Government is concerned about the well-being of the city, and has made clear that it considers good housing important, and it considers it important to help supply good housing,

and that good housing is necessary for the well-being, they should have thoughts about helping us to preserve the existing supply.

Of course, that is another way of saying "good enforcement." We are thinking of getting Federal funds, and we could use a great deal more.

MR. DAVIS: Thank you very much.

Mr. Feinstein: We Can Eliminate Poverty

MR. FEINSTEIN: My name is Harry Feinstein. I don't represent anyone. In fact, I am a nobody, because I can't get through to anyone, although I have been trying for 14 years.

About six years after I start something, something happens that I was trying to get through. That is what I want to discuss now in a short period of time.

Actually, when Mayor Lindsay got through speaking I wanted to approach him, and I did approach him and started saying to him, "Sir, one of your guys could do much to alleviate poverty," and he was gone. He didn't hear me. Out on the street I tried to catch him again, but I didn't see him. I saw his aide — what was his name? — Jake? I said, "Do you know —" and he said, "I am a half hour late," and that was the end of that.

Actually, in 14 years pursuing this subject, similar to what you are trying to accomplish, I have been doing this in sort of a lone wolf way.

People do business to eliminate poverty. They establish all kinds of commissions and leave the dirty work for somebody else that doesn't know what it is all about.

Middle management cannot even see a good idea. Top management might, but middle management, never. Of course, bottom management can't see it at all. As I said, I came here this morning. I didn't know what the Presidential Commission was. I just thought it was a local, anti-poverty group, and I wanted to at least get a lick in. It is not easy to though. In fact, it is not easy for me to speak. I hope I don't get balled up.

We can eliminate poverty. It is not difficult. There is only one requirement — the profit incentive. You motivate business to make a profit and they will eliminate poverty. In doing so, they will make a profit. It can be done.

I can't say I can help housing, but I can help it incidentally through this idea.

All of us have heard of the Communication Satellite Corporation.

Originally, Senator Kennedy, when he was Attorney-General, said that this is a revolutionary idea. I think he said something else — nothing like this was ever conceived before in the United States; this is a revolutionary idea.

It certainly is, because nobody understands what it can do, but it can solve most of our economic and many of our political problems. It can create jobs on a tremendous scale. It can create industry in New York on a gargantuan scale.

All that it requires is: (1) publicity, and (2) a specific plan (and there must be plenty of plans around), and (3) a market study.

If there is a possibility of something becoming profitable — any business being profitable — then the company that produces the equipment that goes into that type of venture will find it profitable to supply it.

In fact, in the old days right here in New York City, if I wanted to open up a store, what did I do? I went to a supplier and made some sort of a deal with him and he said, "You keep buying from me and I will supply your store. In fact, I will set it up and put in shelves and fixtures."

All of you who are old enough — 40 years or more — might remember something like that.

This same kind of thing can be used now.

In my idea, which became known as COMSAT, because I have written to everyone you heard of, except one on housing and one for the supersonic jets.

I have some you haven't heard about yet. There is one on fishing fleets. We can become the leading shipbuilding Nation in the world. Senator Magnuson says it is an excellent idea. We could feed a population. The idea was so good that the *Harvard Business Review* published it, not under my name, and they didn't understand it.

I have had so many perversions in trying to present these ideas because nobody understands them.

There is something missing from my idea in the published version in the article on "How Private Enterprise Can Help Bury Communism," which you can do, because there would be no need for Communist ideas.

The idea is to deal with the individual. It does not let government do it for you. It gives the individual a stake in everything government does, and therefore it would reduce government to purely governmental functions.

Perhaps Mayor Lindsay would have more time to do what he wants.

Also, what is missing from the idea is a means of training, a means of education.

I went to public school and have only an eighth grade education.

MR. DAVIS: Would you please sum up your remarks?

MR. FEINSTEIN: I am finished. I got out most of my ideas, but there is a means of eliminating poverty in the United States. It doesn't take much. All it takes is publicity, a specific proposal and technical help.

MR. DAVIS: Thank you. If you would like to submit some written material we would be glad to receive it.

MR. FEINSTEIN: I can be contacted.

MR. DAVIS: If you have anything, just submit it.

Mr. Edel: Abuses in Cooperatives

MR. EDEL: Senator Douglas, ladies and gentlemen of the panel: I appear before you as a stockholder-cooperator who resides in East River

Housing, where this meeting is now being held, namely, East River Housing Corporation. My name is Harry Edel.

In addition to this address, I wish to state that I would be happy to cooperate in giving further details.

You all note, in passing through this neighborhood, many lovely buildings which were built through cooperative efforts. While I do not wish to belittle the wonderful job and the building accomplished by such dedicated people as Abraham Kazan and others, there is still much room for improvement here and elsewhere where cooperatives are built.

I am here to bring to your attention some of the areas that must be improved by passing new laws, in addition to the strict enforcement of the existing laws, so that some of the failures of this cooperative as well as other cooperatives built with the help of the United Housing Foundation, the Amalgamated Clothing Workers Union, the tax abatements under the city, Federal housing laws, and so forth, shall be remedied and eliminated.

One, you will find that this cooperative had a tax abatement program, so that the rentals would remain within the realm of the middle-income people. There have been many abuses of the principle.

Second, in this supposed middle-income cooperative, there are living many people in high-income brackets, such as a judge of the criminal court, a judge of the Supreme Court of the State of New York, a secretary to a judge of the Supreme Court, a commissioner of a City department, a high executive of the City Housing Department, etcetera. I could name the people, but I'm not here to embarrass them.

Rather, I am here to point out that the law must be amended so people in such high-income brackets are not permitted to take away middle-income rental apartments from people who are really middle-income; and so that people in the entire city would not be supporting by their increased taxes, the low-rent payments paid by these judges, commissioners, etcetera.

There is less than 1 percent occupancy by Negro families, and only one Puerto Rican family in this cooperative, as well as in some of the other cooperatives on the East Side built by the same people. Laws should be passed to eliminate this very obvious condition which exists in the cooperatives. To date, nothing has been done to remedy it.

Fourth, there should be a law passed making it mandatory for the cooperatives such as this to maintain public waiting lists for apartment exchanges. This is not done by the cooperative. Failure to provide for a public waiting list, and exact rotation when apartments are applied, permits this cooperative and other cooperatives to successfully keep minorities such as Negroes and Puerto Rican people from getting into the cooperatives, and prevents apartment exchanges to any stockholder-cooperator who disagrees with management, as happened in my case.

I applied for a larger apartment in April, 1959, and have yet to receive one.

Lack of public waiting lists and a father-to-son policy, as followed by the cooperative, successfully keeps out other minorities and continues to keep them out. I complained about this condition to the City Commission on Human Rights, but with judges and big people in the unions and public life on the Board of Directors, it is politically feasible to ignore or turn down my complaints rather than to buck the big people. With the law mandating a public waiting list for apartments, all this circumventing of fair distribution of apartments would be eliminated.

Five, in addition, once a cooperative is built, it should be mandatory that the officers, managers, and board of directors running the cooperative should be turned over to the cooperators themselves, and not, as in this cooperative, as well as in the case of the cooperatives of the United Housing Foundation, where officers, management, and board of directors remain predominantly in the hands of the people who had it first, 12 years ago, and still refuse to relinquish their seats.

Six, there should be a law passed preventing a cooperative's attorney from being an attorney for the cooperative and/or on the board of directors at one and the same time.

In the case of this cooperative, East River Housing, and other cooperatives built by United Housing Foundation, this condition permits a situation of dual loyalty which is not in the best interests of the stockholders of the cooperative. For example, while it would be to the best interests of the cooperative and the board of directors to always be interested in seeking to settle differences, it might be to the attorney's interest to continue to enlarge such things.

Seven, there should be a law passed to prohibit any judges of any court sitting on the board of directors of this cooperative or any other cooperative. For example, on this board of directors of East River Housing, there is a judge of the Criminal Court and a judge of the Supreme Court of the State of New York. His secretary, who is an attorney, and many other attorneys and a couple of other officers of the union are on it.

It is unlikely, indeed, that the attorney who is secretary to the judge and on the board of directors will vote against the judge; nor is it likely that any attorney who earned a living from the court appearances will vote on any issue against the judge of the State Supreme Court, and take a chance of antagonizing him.

MR. DAVIS: We would like you to sum up.

MR. EDEL: There cannot be a democratic board of directors with a judge on the board of directors at the same time as attorneys are on the board. In addition, having a judge on the board of directors prevents stockholder-cooperators from writing to the director, who is a judge, because he happens in my case to be one. The attorney for the cooperative wrote me that it is improper for me to write to the judge, although he is on the board of directors as well.

If it is improper for a member of the board of directors to be contacted by a stockholder because he is a judge, then it should certainly be equally improper for a judge to be on the board of directors at all.

Eight, there should be a law passed, making it mandatory for management and the board of directors of cooperatives to obtain public bids on all phases of work contracted, with sealed bids openly displayed — whether it is for a parking lot, painting contract, or disposing of old appliances. This is not done by this cooperative.

There should be a law passed, setting up an agency through which cooperative stockholders and the general public could properly go with complaints about management, and which would have the final say over cooperative management, instead of things as they now are.

Although we have beautiful buildings, the project is not integrated as a cooperative community. Anyone who dares to insist on democratic rights, as I have done, is punished and insulted, as happened in my case.

You will perhaps ask why, if I feel personally aggrieved, I do not hire an attorney and bring this to the attention of the court. I will answer that.

First of all, it is because there are judges on the board of directors in the cooperative. I have been unable and unsuccessful in finding any attorney willing to jeopardize his livelihood by antagonizing and fighting a judge.

Secondly, I do not appear before you to make these suggestions for improvements in cooperatives only because of my personal complaints, but rather I appeal to you to make those suggestions for improved laws, so that cooperatives already existing, and the cooperatives for the future, will do a meaningful job of improving the quality of the American city.

MR. DAVIS: Thank you. Once again, Mr. Ostroff, if you would like to submit material, we would welcome it.

MR. EDEL: I would like Mr. Ostroff to send me a copy of that reply.

MR. DAVIS: The next witness will be Mr. Atkins Preston. Is Mr. Preston here? In his absence we will call on Mr. Bernard Gilbard.

Mr. Gilbard: Tenant Co-ops for Tenements

MR. GILBARD: Mr. Davis, Senator Douglas, members of the Commission, my name is Bernard Gilbard. I am an attorney.

I have been working with the City and Federal housing agencies for the last few months to develop a proposal for tenant-cooperative ownership of tenement buildings. I will read this tract. I think it is the quickest way.

To begin with, let us direct your attention to the root causes of the housing blight and its remedy. Millions of dollars have been spent in the past 25 years in New York City, for urban renewal and rehabilitation, and yet the housing available per person, according to the U. S. Census Report, has not increased.

Density, by the way, is 3.6, in answer to the question asked before. That has been about the same in the last 25 years — 3.6 persons per housing unit.

The housing blight has continued to spread, until now almost 25 percent of the land in New York City is succumbing to deterioration and decay.

The real estate tax on almost \$2 billion worth of assessed real estate is unpaid, as of June 30, 1967, according to the New York City record. For your information, that is more than all the tax arrears from 1960 to 1965. This one year, the tax arrears are greater than for that five-year period. These buildings stand in the shadow of foreclosure by the City, or abandonment by the owners.

Until now it has been impossible to provide low-cost housing other than by subsidized public housing. Low-cost public housing is not self-sustaining.

Further, as more low-cost public housing has been constructed, it has drained tenants from private tenements, thus creating a fluid rental market and a downward spiral of rents in these buildings.

Gentlemen, contrary to what you might understand, the rents in the marginal areas are going down because they are being evacuated as people move out and apartments become available, and the landlords are compelled to reduce their rent. That is what you will find is happening outside of Manhattan. That is in the Bronx, primarily.

MR. DEGROVE: *Do you have any hard data on that?*

MR. GILBARD: I would be glad to take you to see this.

MR. DEGROVE: *Can you give us a written statement with details?*

MR. GILBARD: I can't give you statistics, but I think that I can take you into the area if you are interested, and show you what is happening, particularly in the Brownsville and East New York section of Brooklyn. Those areas were principally evacuated, and the buildings are standing in ruins, just like London during the last war.

The loss of rental income in tenant buildings has forced sound buildings to become deteriorated, and deteriorated buildings to become dilapidated. Existing private buildings have been devastated and destroyed at a faster rate than they can be replaced by subsidized housing. Private tenements under present conditions cannot compete with subsidized public housing. As the process continues, private ownership is being driven from the market. In its place we have more and more subsidized housing, which will perpetuate and require support from public funds.

On the other hand, approximately 20 percent of the gross rental in the private tenement building is used as a source of revenue by the City through taxation. That is a fact, gentlemen: 20 percent of the gross revenue. I refer you to a study made by Dr. George Stern in Newark, back in 1965, in which he found the same thing to exist in Newark.

The answer, obviously, is not more subsidized housing alone. The solution to the problem must be to find a way to maintain the private housing stock while we proceed to build the needed housing supply.

Society must protect its buildings as it does its orphan children. The wilful misconduct of tenants or landlords should not be allowed to destroy what is a basic need of the community.

It is painfully clear that the solution to the housing problem has become much more perplexing and arduous in the last few years.

MR. DAVIS: Could we have your summation, or you may submit more in writing.

MR. GILBARD: Could you allow me an additional five minutes, please?

MR. DAVIS: If you could sum up your remarks, we will take your statement.

MR. GILBARD: A way has been found to make structures self-sustaining. It becomes imperative we examine and understand the basic problems involved in maintaining a tenement building.

Thirty-five percent of the gross rental roll, on an average, in a tenement building is used for equity financing. That is true, gentlemen. You will find that we can submit statistics on that. From this amount comes the money to pay interest and amortization on the mortgage, Federal, state and city income taxes, and a profit, if any, to the owner.

Most tenement buildings are burdened with short-term mortgages and high amortization.

If the amortization is higher than depreciation on the building, which it often is, then there is a paper profit, and an income tax must be paid, although there may have been absolutely no cash profit to the owner. Amortization on a marginal building is of dubious value, since, when a mortgage is fully paid, then the building may be of dubious value.

The owner usually computes his return on a cash flow basis, or holds his monthly wages down from the building, if any.

In unstable, deteriorating areas, where the status of the building is in jeopardy, it is doubtful whether he will invest in further improvements, but improvements must be made or the building will die. No matter how available the funds, no matter how low the interest, rehabilitation will not be made unless the owner feels his investment is secure.

Unrealistic and hard code enforcement alone without any effort to improve and stabilize the neighborhood will not succeed. Such code enforcement will make the operation of the building more precarious, but it won't compel an owner to throw good money after bad. It might even succeed in hastening the blight, as the owner finds his equity wiped out, as the cost of operations of the building increases. The owner's umbilical cord to the building is his equity interest. If his financial interest in the building is destroyed, he has no reason to continue operation.

Most of the sound buildings are caught up in the curve of advancing blight. Vandalism increases; maintenance becomes poor; and damage inflicted by tenants and landlords and wilful destruction result in increased operating costs, and hasten the building into decline.

To approach the problem after the building is dead will allow the disease to spread at a greatly increased cost of rehabilitation.

I think we are all aware of the fact that we are talking in many cases, now, about gut rehabilitation, turning these gut-rehabilitated buildings over to tenant cooperatives. If we do that at the late stage,

we have already contaminated the entire neighborhood. If the decline and devastation continue at the current rate, there is no solution.

The proposal under consideration for tenant-cooperative ownership by tenants is an attempt to solve many problems from a management approach. The plan as conceived will begin with buildings which are still sound and viable, in an attempt through proper management control to sustain a healthy building through a long and enduring life.

Good and sound tenement buildings can be purchased under present conditions at a fraction of their replacement value. I would be very glad to take you through the area, and to make you very knowledgeable as far as costs are concerned, as to what the true picture is. Where necessary, appropriate rehabilitation will be undertaken to provide an adequate physical plan. This is the core of the plan, gentlemen. The plan will not require the tenant-owner in the proposed cooperative to make any downpayment, or to pay any substantial increase in monthly carrying charges.

The building will be purchased through a trust foundation, which will arrange the purchase price, the cooperative organization, and the long-term professional management. Tenant-cooperative managed ownership will be based upon 20-year, 6 percent self-liquidating mortgages.

We are not talking about obsolete buildings. Don't get the picture of rotted, decayed buildings. We are talking principally about buildings that were built in the 1920s, four-story walkups with marble staircases in good condition, and in a marginal area, not in the core; not in the blight.

The only way, as was mentioned before, to approach the problem is to approach it from the margin and close in on the core blight. That is what we intend. We are directing ourselves to good, sound, viable, existing buildings.

MR. DAVIS: Thank you. You have now had ten minutes. We would be very happy to take further testimony in written form.

Miss Harlan: Bring Back Federal Rent Control

MISS HARLAN: Mr. Chairman, Senator Douglas and members of the Commission, my name is Judith Harlan. I am Democratic District Leader in the 61st Assembly District of the Lower East Side.

In your press release you asked for workable ideas. I would like to mention some of the ideas which have emerged in our organization, as we tackle the day-to-day problems of the 100,000 people living in our community. We think they are applicable to people in poor neighborhoods across the land.

To meet the spiraling costs of ghetto rents and to take the profits out of slum housing, we propose universal rent control similar to the restrictions imposed during World War II. More importantly, we propose that housing begin to be treated as a public utility; that is, as a precious resource necessary to a decent life, which must be strictly regulated by government to assure equal access to all.

It is interesting that one of the demands emerging from the ghettos of New Jersey after the summer violence, was the cry to bring back rent control. As the public housing program has ground to a halt in those cities, ghetto dwellers have had nowhere to turn, and have increasingly become victims of avaricious slumlords, who offer continuing deteriorated products.

Federal rent control is the only answer to this growing exploitation, since localized application of any sanction in the field of housing would merely lead to the flight of capital to the next community, thereby penalizing the area trying to do the most for its people.

New York's rent control history has been a sad affirmation of this fact. Despite a still critical housing shortage, rent control in New York is slowly succumbing to the attacks of its enemies, because it is forced to fight alone.

But rent control alone is not enough to solve the housing problem of the poor. It is merely something to do until the doctor comes. The doctor, in this case, is public housing.

Reform Public Housing

We must undertake a concrete timetable for the replacement of the slums with adequate public housing. As Senator Douglas knows, we need to build 500,000 units a year. However, public housing itself must undergo a major change in concept and administration if it is to meet the needs of the people fully.

We propose that public housing tenants be given democratic participation in the management of their projects, and that construction and maintenance standards be revised to provide social services and physical amenities, including safety, which citizens of the modern community have a right to expect.

Last, but of equal importance, we propose that the capital of the ghettos be freed from arbitrary restrictions, and used to improve the lives of the people who earn these billions of dollars. Today the capital of the ghetto is locked up in rent security deposits, utility deposits, and other arbitrary charges which are levied against the poor. In New York City alone a quarter of a billion dollars is tied up in rent security deposits.

These arbitrary charges are a common practice throughout the Nation. We say that the landlords can be guaranteed a year's security and the tenant can benefit from his money if these funds are held and invested in low-income housing by a public corporation.

If this is not feasible, then let us make the landlord deposit the moneys in interest-bearing accounts, and return the proceeds to the tenant. Again, in New York alone this would mean an annual increase in income to the community of \$10 million and, by the way, an annual saving to the Welfare Department of almost \$1 million.

These, then, are some of the answers which we have come up with. There are scores of others.

What is urgent, however — and the message I hope you will bring back to Washington with you — is that the people of the cities are willing and anxious to go to work for their own institutions to solve their problems.

We ask you just to give us the tools. Thank you.

MR. DAVIS: Thank you. Next, please, Mr. Ed Davis.

Ed Davis: Whites Dominate Black Economy

MR. DAVIS: Senator Douglas, and members of the Commission: My name is Ed Davis, and I am a Specialist in Neighborhood Board No. 4 of HARYOU¹ Act.

I understand that we are discussing the urban situation dealing with housing.

I happen to be a resident, living in the area of Harlem for the past 25 years, and much of it, to my regret, is very blighted.

I would like to remind this Commission that the cause of this blight of the community — not only in Harlem but throughout the country — comes from the transition of the rural population to the urban cities, seeking greater opportunities. But their expectation is never fulfilled. Instead of finding a haven equal to that of other Americans, they have found a different type of horrible situation.

Consequently, black people have been herded into what is commonly known today as the ghetto, where they have been ruthlessly exploited by landlords, living in overcrowded tenements, which I feel that you have by now a common knowledge of. We find there family on top of family, and paying exorbitant rents.

I would propose this: The way that we entitle this situation is under Federal, state, city and a community level. I am sick and tired of black people having to be recipients of charity, or always having someone to do something for them.

It is about time that the well meaning white citizens of this country reallocate some responsibility to the black community to become partners in solving many of their own problems. What I mean by that is this. We have millions of dollars invested in churches. These institutions I do not condemn. I am not an atheist, and I don't want you to assume I am. But we are an over-religious people. We have spent, time and again, money sky-piloting to go somewhere after we're dead, when some of this money that we have been using could have been allocated in conjunction with the city, state and Federal governments to build decent homes.

In this way we can determine what kind of houses we are to have and how they are to look, etcetera.

I would like to bring up one more point. Last year I understand the gross national product was \$740 billion. Out of the \$740 billion, black people had a purchasing power of \$29 billion. But they were only able

¹ Harlem Youth Agency. Also see index.

to retain 2 percent of this \$29 billion, which comes to around \$580 million.

Why did they retain just this 2 percent? Because we're all on an economic merry-go-round.

In all-black communities, where the purchasing power is great, they bring the money in the community, but there are other people there to siphon the money back from the community, which fails to give that community a chance to develop and grow.

Gentlemen, incidentally, I want to remind you that I am a great believer in Black Power — not in the sense that it has been advocated, and not in the sense that many times it has been demonstrated. I do not believe in Molotov cocktails and I do not believe in threatening people.

But I do believe that Black Power should be coupled with brain-power and greenpower. I do believe that well meaning white Americans should knuckle down to the fact that many errors have been made on the part of their forefathers with the myth that black people are inherently inferior, that they are to be treated like animals and beasts, and that this type of philosophy must change. It must change soon.

Not only must black people be educated to responsibility, but the white masses must learn that many of them have been lied to concerning the possible potential worth of black people.

If black young boys can die in Vietnam along with their white colleagues, and give their lives, certainly black people should be able to develop in America equally along with other white Americans, and be given the same opportunities to prove their worth.

I think that this Commission has to go back to Washington and recommend to Congress that there will have to be drastic legislation enforced, dealing with right and justice, regardless of who it hurts, whether it is popular or not. The American people have got to face this problem sooner or later.

Either you are going to accept this black man, the Puerto Ricans and the Jews, and all oppressed people as your brothers, or there is going to be utter chaos, which will get worse, and then possibly humiliation and extermination for undesirable people.

I hope that this Commission will take these recommendations seriously, and I hope that they will go back to Washington and honestly recognize the fact that this frustration must be dealt with sincerely, honestly, and in a dedicated fashion. Thank you very much.

MR. DAVIS: Thank you very much.

Mr. Schwartz: Seven Suggestions on Housing

MR. SCHWARTZ: Mr. Chairman, members of the Commission: My name is Harry Schwartz, I am Associate Director of the Housing Department of Mobilization for Youth.

Mobilization for Youth has been active in this area, in the Lower East Side, for a little over five years, essentially in anti-poverty pro-

grams. We were the prototype agency in the country in the anti-poverty field.

I would like to present some of our findings and recommendations, after six or eight months of investigation of the tenement housing situation in the area right around us.

Today we are meeting in the center of a residual environment, inimical to the welfare of those who live in it. We are surrounded by poor housing that continues its disservice to families unable to choose their shelter. Here on the Lower East Side, more than 100,000 citizens reside in tenement buildings. More than 80,000 of these are old-law tenements, buildings thrown up in the 1880s and '90s. To radically improve this area, anything less than radical change will simply mean waste and delay.

Costs of housing improvement must be drastically lowered, and techniques to preserve housing improvement once gained must be developed. How is this possible in New York City, location of the highest housing costs in the country? I would like to briefly suggest a few of the specific things that we think are applicable in New York. Here I would like to echo Professor Abrams' feeling on the uniqueness of the housing situation in this city.

Item 1: In the building industry, productivity gains too often appear to be absorbed by gains in wages. If employment can be stabilized, conceivably wages could then be fairly stabilized, and gains in productivity could then be transmitted to the consumer — in this case the low-income urban family.

By contrast, the current situation requires a forecast of increasing labor costs that will tend to negate technological savings, should these methods even become legally possible.

Item 2: The present inflexible building codes of New York City prevent exploitation of building technology. For example, semi-fireproof construction in New York City means that the materials can still withstand direct flame for at least one and a half hours. Semi-fireproof construction can also mean a saving per square foot of \$2 to \$3.

Semi-fireproof construction has been safely and successfully undertaken in Boston. Yet this kind of construction is considerably restricted in New York City. The building code must be extensively revised in the interests of flexibility, so that the economic potential of new methods can be realized and made to serve the needs of New York's low-income housing consumer.

Item 3: Large-scale, comprehensive planning must be encouraged, if not demanded, by sponsoring agencies if cost economies possible through new technology are to be demonstrated. For example, there might be created a minimum number of units requirement that would be imposed on any plan. A minimum of 5,000 units in New York City over a two-year period could possibly yield construction savings of 15 percent.

Item 4: More and cheaper money must become available immediately. At the moment only 5 percent of the total rent supplement money is available at the below-market interest rate.

We have calculated that in New York City one percent money — not 3 percent money — is required if needy, low-income families are to be able to bear the expense; that is, not to have to pay more than \$75 a month for rehabilitation or new housing.

Item 5: Programs of supplemental income must be expanded. All the rent supplement programs in combination do not amount to nearly adequate appropriation. Moreover, these programs often exclude, as public housing frequently does, people with social liabilities — the growing and already substantial segments of the poor who receive family assistance or disability. In the area we have been studying, about 40 percent of the families would be ineligible for public housing because of non-economic criteria currently used in New York.

Item 6: Tax reforms should be initiated so that reality is balanced to include the poor and the nonowner in the Federal tax benefits. Just as mortgage interest is currently deductible, there might be some form of deduction open to tenants in return for payment of rent.

Item 7: Budgeting — that is, city capital budgeting and expense budgeting for maintenance and management — ought to reflect much greater expense for maintaining an environment containing structures overdo for demolition, and much greater need for maintenance in multiple dwellings primarily occupied by large young families.

The public should be made aware of the differences between middle-income, relatively new, housing and low-income, predominantly aged housing. Thank you.

Mr. Warlow: Is New York City Worth Saving?

MR. WARLOW: I am Don Warlow from Staten Island. I represent a lot of homeowners and civic associations.

First, I want to put to bed a statement that the individual builder does not build a second home.

I have built my own home. When I say I built it, the only thing I didn't do was the plastering and mechanicals, because it was cheaper to have it done.

Most people that build their own homes and live in them normally do not build a second home, because what will I do with a second home? I have one wife and can't afford a second wife — or second home. I have a three-bedroom house. My taxes went up \$13 a room in the last two years. Yet a man from a cooperative housing project claims he only increased one dollar. I wonder where we get the difference in assessments?

I built my home. The basic problem was to fight through the City building code to get around all the statutes that are set up, and the deals from the Buildings Department, where you have to pay off people to get approval of the plans.

In my neighborhood we have about 60 members, of which 48 of them built their own individual home. This is considered to be a beautiful situation, if somebody wishes to see it, on the west side of the golf course.

When the City had large tracts of land there were sales, but the fat cats were there. The real estate and development boys were there. They would not sell individual lots to an owner that wanted to build his own home.

You have to go up and buy a \$70,000 piece of property. Most people could not afford it. We bought up a farm operation. That is why they were so successful.

I have a small place upstate, where I built a summer home. The county agent turns up with all kinds of literature to help me to build this house; all kinds of pamphlets. He is always after me. This is a summer resort.

I don't want to do anything but rest. Yet in the City of New York there was nobody that I could go to to get any help in building a house as an individual except the New York Public Library.

I designed the house. I drew the architectural plans and had a friend of mine, an architect, sign for me. The only contractor I had was for the electric and plaster, and the bulldozer. That was hard work. Yet we had one Polish girl who was pregnant at the time, and she was digging a foundation.

When anybody told me these people can't work, these inferior Negroes, that they cannot do this, I would like to know what about the other Negroes who are doing it in my neighborhood? They built their own homes. Why does somebody suggest this can't be done?

Another example of this is the City came screaming that they need funds. We have been fighting on Staten Island for sewers. In our group, we haven't actually been fighting for sewers, but for 12 years these people are flooded out — not in their basements, but when they get two feet of water in their living-room they get upset.

In 1972 we're going to get sewers for these people. At the same time, the City is giving out more building permits to cause greater flooding.

We have been trying to get fenways, which they could probably do with open sewers with linear parkways. They could probably do this for \$35 million, but again the fat cat payoff wouldn't be there. They could use much less-skilled workers and save themselves another \$100 million, but the Mayor was here this morning, and he makes a good point about the national basis being for conservation.

But when we try to make linear parks and fenways and bicycle paths, nobody's interested in them. Yet the Federal Government is willing to spend the money on this. The basic question of the city is this: There is a tremendous amount of — again I will use the expression — fat cats.

The question is, is the city as we know it worth saving? New York City had approximately, since 1950, 2 million people moving into the city or out. Yet the City Council meets and says, we have a housing emergency; we are overcrowded. The State Legislature says the same

thing. But again, the fat cat politicians and their backers are in there. None will say that nobody can come into New York because we're over crowded. These buildings are unsanitary and unsafe. We will tear them down.

Nobody has a right to come to New York and demand an apartment. If I go up to Expo '67 and there is no room, they say, "We are full." Yet for some strange reason they bring all these people in.

Again, getting back to the Negro problem, they're just as clever as the white people. They open up an apartment, and they make a deal with their white landlord. He is hiding behind this, also. He has some cute attorneys, and so you have a seven-room railroad flat and in each of the rooms they put a family. The landlord couldn't rent it to them. If you ask them, they're "only visitors."

We have a new building code which just came in, and our organization fought like a son-of-a-gun against this. There was the definition of a family as one or more persons related by blood or marriage.

We wanted a definition to say a man, his wife and two children, but this didn't allow the slumlords to make a million bucks.

I don't want to be called a racist, but the expression is, if you are born Puerto Rican, who isn't a member of the family?

When you go in there, they have no intention of enforcing these laws. They are setting up definite hazards to prevent the enforcement of them.

The Federal Government, years ago, went in for a land grant, under which they gave you the Homestead Act. I think the Federal Government should take a very good look at the so-called linear city, which they built along the right-of-way of a new method of transportation that they call people transit, where they start transporting the people over short distances, rather than mass road.

This involves a person-to-weight ratio, with one person that weighs 200 pounds and the transportation weighing so much.

MR. DAVIS: Could we have a summation?

MR. WARLOW: In other words, to go into the linear cities, rather than try to rehabilitate a city, which is an anachronism from the days when all people had horses and wagons and walked.

Mrs. Bachenheimer: Quality of City Living

MRS. BACHENHEIMER: My name is Mrs. Howard Bachenheimer, Catherine Bachenheimer, and I am Chairman of Area Planning for a Community Planning Board No. 6, of Manhattan and of the Borough President's office. I am a member of the Citizen's Advisory Board of the Bellevue South Urban Renewal, which is from 23rd Street up to 30th Street, the area just above this area.

I wanted to make just a few points that have not been covered today. They deal with the quality of living in a large city, and particularly New York.

I wanted particularly to call to your attention the need for Federal assistance to preserve some open space and recreational space in our

City of New York, and particularly Manhattan, which is surrounded by a waterfront. But the way we live here, we are never able to see the waterfront. Most of the land along the water is occupied by ramshackle businesses or in some instances by rundown housing, and it is usually divided from the rest of the community by highways.

What I am asking is, is there a possibility for the Federal Government to provide funds to reclaim the waterfront for the use of all the people?

In most of the areas in midtown Manhattan there is a net population density of over 400 people per acre. Most of the people have no opportunity to go out of the city for recreation. They must remain in the city.

The City's Park Department budget has inadequate funds to even maintain the parks we now have. For instance, if they plant a tree along the sidewalk, they haven't got the funds to maintain the tree. You must put up the money yourself to maintain these trees. If a neighborhood park is provided, the community must find the funds to maintain that neighborhood park; so there are no funds to reclaim waterfront land.

As a result, where the waterfront is not at the moment occupied by other structures, or if it is new land which is being filled in — as, for example, along the East River, where Congressional authority has been given to fill a bend of the East River from 17th to 30th Street — plans are being made by the City to put highrise, dense housing along the waterfront. The main inducement is because there is no location problem. There are no relocatees to worry about.

While this will provide much needed housing, the question is, is this the best thing in the long run for the city's benefit? Is it abusing a very scarce piece of open land which ought to be preserved for recreational purposes?

Since we don't have funds for it locally or through the State, we're hoping that the Federal Government, through other purposes, other modes or means other than the National Beautification Act, could make funds available to reclaim the waterfront and provide recreational facilities, such as bicycle paths, baseball fields, tennis courts, swimming pools, community settlement houses, which will bring people there night and day and keep it well peopled, which will help to keep it well lighted.

Also, funds would be needed to gain access over the highway. For example, along the East River we have the East River Drive, and in some places the drive is also the local roadway. Something has to be done to get over that besides a pedestrian overpass.

There have been recommendations for depressing the drive or for decking it over, and other plans, but they involve a great deal of money. As a result, these things are considered to be very long-range, like 20 years off. In the meantime, the land will be used up. This is one major point I want to make.

As a matter of fact, there are now before the City Planning Commission and the Board of Estimate two housing proposals for a stretch

of the East River from 18th Street up to 30th Street that would use this land up.

I hope that perhaps when this conference is over you may be able to give some advice as to what can be done in the immediate future.

Now as to the improving of urban life in public housing, at the moment some community centers are provided in public housing. Most of these community centers so far are badly planned and inadequate for the needs of the people.

For example, in the Bellevue South Urban Renewal Area, our Citizens' Advisory Board recommended that the community center include a gymnasium for basketball because there are a number of teenagers who loiter on the street. There are a number of young drug addicts. They hang around and get into trouble.

The New York City Housing Authority agreed to revise its plans to provide this gymnasium and to make it a multiple-purpose one, so that it could serve for meetings and dances and so on.

But when they went to the State housing administration, they turned it down on the grounds that they could not take away dwelling space for such a purpose.

The point I bring to your attention is, is it sensible to use all available housing space in public housing only for housing? Would it be so serious to give up, let us say, the space of one apartment to make good, usable community facilities?

Also, a community director has to run these community centers to hold a class in it — as was brought out before in connection with cooperative housing, for various things to enrich the lives of the people who have not had access to these advantages. There are no public housing funds to pay for community directors.

The funds usually come from a church or private foundation. Can some consideration be given to providing funds for better planning of community centers, such centers to provide adequate play space for teenagers, as well as the elderly and the very young, and to pay for the cost of the director?

The third point in regard to public housing: At the present time no retail establishments are permitted in public housing. We don't know why that has been the rule, but we have been told that only the Federal Government can change this.

It has been suggested that in the public housing going up in Bellevue South, as an example, if there were some stores facing the avenue, it would help to keep the site well-lit at night, and make it easier for the people in the housing to have access to good and inexpensive shopping. It would serve a needed community want.

I don't know if you people know the answer to this, but can't something be done to make it possible to have commercial facilities in public housing?

MR. DAVIS: Can we have a summation?

MRS. BACHENHEIMER: I want to finally wind up with the design of public housing. Many times kitchens for three- and four-bedroom apartments are small as the kitchen for a one-bedroom apartment.

It seems to me that the way our Federal funds and other public funds are being spent for housing does not often produce the best results for really decent urban living. The thought I would like to leave with you is that it isn't always a question of more funds. Can we get away from the red tape and the bureaucratic planning that has designed the little boxes and the inadequate living arrangements that make city life really pretty undesirable?

MR. DAVIS: Thank you.

Mr. Simmons: Time for Reparations to Blacks

MR. SIMMONS: Good afternoon, Mr. Chairman, Mr. Senator, and the rest of the members at the dais: My name is George Simmons. I am Assistant Director of Neighborhood Board 5, HARYOU Act.

I am also former Vice President of one of the African Nationalist Movement, better known by you gentlemen as the Black Nationalists.

In other words, as I read the paper concerning the meeting here today, you said you were concerned about urban problems. Everybody seems to be speaking to you strictly on housing.

I wish to vary a little because I think that by now you have received most of your comments concerning housing. You know where people live with rats and roaches, so that I don't have to stress this to you. But in my case we have many more problems, problems that are more serious.

What I would say to you, gentlemen, as I listened here from this morning, when Mayor Lindsay was sitting here, and all the other speakers, I wondered if you gentlemen really realized that you owe us, the black people of America, reparation? I wonder if you are fully aware that King Menelik II from Ethiopia gave the United States Government a sum of gold for the return of the blacks to Africa, and neither the gold nor the blacks have returned.

Then it pains me when I have to sit here and hear you wonder, and have to take hearings upon hearings to figure what you could do to help the slum areas, the areas where I live and my people live, to give a better place to live. You have to do all this research as if you don't know the problem. You wonder why we are mad. You wonder why you are having your riots.

Well, let me say this. I would like to read a letter that was written to Mr. Roy Wilkins from a schoolteacher that says, "What do you expect white people to do after you goddam Niggers" — pardon the expression, but I'm reading what this lady wrote — "all revert to the type of the jungle, all acting like the black beasts they are, all really cannibals, still? Give them the chance and they all revert to tribalism, mobs that can beat and stomp and kill you. You goddamed Niggers deserve the same treatment by whites, only we're civilized and can't do it. Every goddam Nigger should be gunned down by a machine-gun. Your people must be kept down because they're all uncivilized beasts, not equal to us whites. Many whites don't live as well as you do, but because they are civilized they don't brag and kill. All whites

should be ready to shoot any goddamned Nigger who harasses him or her. Let's have a white versus Nigger war. It is necessary to wipe you Niggers out."

Well, gentlemen, I am sure you saw a paper from Mr. Bayard Rustin this morning. I had a paper and I thought I had a few more copies. I would have liked to give a copy to each of you which could have shown you the answer to this lady's letter to Mr. Roy Wilkins.

I will tell you where you can find it. If you want a copy, I will have it Xeroxed and forwarded to you.

If you could locate one of the issues of the *Afro-American* newspaper, I think it is August 12, then you will see it says, "The Nation's bloodiest riot, 104 years ago, in which the white people killed over 46 of my people outright when they got drunk." Not only that, but then you had over 3,000 that you had chased in the river and drowned.

Today, you have the nerve and audacity to say that we are destroying your property, that we are mad, that we are criminals. I realize that many of us steal when there is a chance to steal, when there is a riot. But many people don't riot just for the sake of rioting. They riot when they live in rats and roaches, when you owe me all that gold in Fort Knox that is mine, when no one is saying that the United States Government owes the black man reparations.

Yesterday, though, Senator Kennedy was on television, saying to the Jewish people that no race of people has any right at any time to forget what has happened to them. He is telling the Jews that they don't have any right to forgive the Germans for what Hitler did to them. But then everyone is telling me, the black man, that I have the right to forget what happened to me from the days of slavery, and what you are still doing to me, sending me to Vietnam to fight another man that looks like me, or close to me. He has problems that are relative to my problems.

I am asking you, since I helped you to build this country, since I fought the Indians, since I was some of the interpreters to the Indians when you could not speak the Indian language — when I have taught you, taking you out of the caves of Europe and taught you what you know. Every time my kid goes to school and the teacher tells him all the lies about Hippocrates. But no one tells him about Imotep. No one tells him that Hippocrates and all the so-called Greek philosophers had to go to Alexandria to study medicine.

If you want to read it I will give it to you and show you right in the history of operations. All it says in there is, it speaks about Hellenistic Alexandria. If you go to the Museum of Natural History in Brooklyn, you will find the oldest surgical records there that the world has ever seen, known as the Edward Smith Papyrus.

Why not tell them this? Then you speak about putting up a better building and wonder why the black kid burns down the building.

He is right, because he is not cultured. How can he be cultured, when he is trying to imitate people and doesn't know where he came from? How will he know where he is going?

There is a teacher like this teacher, who writes such a letter. Can she teach my kids with any frame of mind that my kids can come up and be something constructive?

I am lucky I don't blow my top. I have retired from making speeches on the streetcorners of Harlem. I was one, yes. I make no bones about it. I was one who was considered, in the eyes of whites, to be a radical and a no-good man. But I have educated myself, and I know the problems.

Today, because of the anti-poverty program, with HARYOU Act coming into my community, I have stopped speaking on the corners. I have stopped showing the wickedness and the villainy of your white folks, and now devote that energy and time to try to educate my people to do things that are more constructive and meaningful today.

I have forced the people in the anti-poverty program to recognize my talent.

I am not trying to put my nationalistic ideas across, because I know you white folks won't buy it. I don't want you to accept it, but I use this energy to do what is right.

I say this to you, and I want you to take this to Washington, because I hear them in the local saying they're messing around and playing ball with the anti-poverty program.

I made this speech on the radio before and I will make it to you gentlemen, again, to tell them that if they do, it will be the biggest mistake the United States Government has ever made, because when you give to me — I'm using myself as an example, and I am willing to die for my belief. Jail means nothing to me —

I say that what you have given me through the anti-poverty program, that you say is a handout, to me is no handout. You owe me this money. When you gave this money to me, and for the first time in my life I started to feel a little bit of what is rightly mine, a little bit of manhood, and the black woman is able to walk down the street and get off of relief by becoming involved in the anti-poverty program, beginning to find things to do that are constructive, and then you hear about taking it away, I ask you, are you crazy or what?

You know something. The place will look like a picnic. I don't know what to say, because I think then you will have that riot like 104 years ago, when you run us in the river. You will have to chase most of the people of Harlem out, because I know good and well I will hit the street corner, and I don't care whether it is Johnson or Johnson's father, or whoever it is, or the FBI or his grandfather.

I will be out there, spending the last breath of my body saying and preaching the things that I know that you have done against my people.

But I've buried that for good, to try to use my energies to show the other side, where the black man does not have to resort to violence.

You white folks had better stop messing around, as this woman is doing, speaking about a black and white war in America.

You see, I am not that silly to know I can't whip you here, because you're passing all kinds of riot bills, so that I don't have any gun. You are the ones in the factories that make the guns, so that is out.

But I know that I am in the majority in the world, and that when the world takes away all your properties abroad and nationalizes them, this will kill the American economy.

One thing about you white folks, especially your women, if your men make five million dollars, she will hunt them to death until you make ten, where my black woman will go along with me and suffer with me, because she knows I don't have anything, and that the odds are against me.

I will not be the one that is hurt as much as you. But we don't have to get to this point, because we both are building this country today. I did the hard work and you gave me the bullwhip on my back.

But today I say to you, when I hear Johnson speak of the great American heritage, I wonder if he really realizes what he says when he has the audacity to say to me that I am a villain, I am a criminal, I should be shot.

Why should I be shot? I wonder if he thought, when his grandfather came here, should he, too, be shot when it was the criminals from Europe that came to America and stole it, so the better whites, the more cultured ones could then come, and today have most of the wealth that America produces.

I thank you, gentlemen.

MR. DAVIS: Thank you.

If there are no more speakers we will conclude the hearings. Is there another? Yes, please identify yourself.

Mr. Meltzer: How to Help Slumlords Rehabilitate

MR. MELTZER: I am Lewis Meltzer, a real estate broker and real estate consultant and appraiser for the City of New York, Department of Real Estate, Bureau of Urban Development and Urban Renewal.

My subject is slums and slum clearance, and the truth about it.

The first requisite of the realistic and effective slum eradication program is the realization that the thousands of small building owners of two to forty families in slum areas, in ghetto areas and in marginal areas, which are deteriorating and being abandoned, being foreclosed or taken in by the City, are individual small businesses which cannot stay in business unless they are profitable to the owner.

This is something apparently overlooked by everyone. The slumlord, as he is pictured by self-seeking politicians and headline-seeking journalists, is entirely a figment of their imagination or ignorance, or both. In actual fact, the slumlord is a small businessman, Negro and white, who has invested a good portion of his life's savings properly, in accordance with the American way.

He now finds himself pursued, harassed and insulted, injured and driven to desperation and bankruptcy by hordes of politicians on the make, who have used him as a scapegoat and a whipping-boy for many

years; also by inspectors playing the numbers game, by lawyers holding city sinecures and presiding over property they do not understand, and sundry other people of that nature, whose ever-increasing efforts lead to ever-increasing deterioration and loss of housing stock of this city, as well as of other cities.

The causes of slums are the following: Lack of profit and incentive, caused by an excess of expenses over income, or too little profit, considering the capital investment and time, effort and difficulties of management.

This is proven by the fact that all marginal property, including structurally sound and even attractive properties, have sunk to the lowest value in the modern history of real estate, while well-located commercial properties have risen to their highest level at the same time. That is also borne out by the fact that there is no mortgage money available for these properties, even from banks located within these areas. Banks cannot be blamed for protecting their depositors' money, even though they are occasionally attacked by crusading politicians and journalists.

The remedy for this is a block-by-block and building-by-building examination and analysis of slum properties, and the establishment of a tax exemption and abatement policy designed to put these properties on a profitable basis.

Repair and maintenance of these properties and their proper financing, which is not now available, will follow naturally, and tens of thousands of housing units now useless or in process of deterioration will be salvaged. This process of renovation, rehabilitation and repair must be carried on side by side with the new construction. For urban renewal, which is necessarily very slow and very costly — that is, new construction and new cooperatives — becomes an island in a sea of slums if properties all around the new project are not rehabilitated.

The job of analysis and tax adjustment, tax abatement, which now is extended to all new urban renewal projects, must be done by teams of real estate experts, such as licensed brokers, appraisers and managers, and not spacemen or lawyers, as is currently the situation. The job of rehabilitation will be done by the present owners of all those thousands of properties who are small businessmen, whose money, sweat and tears are already invested. If it cannot be done by the latter, they will at least have available a commodity, if they are given tax abatement by the City. Then someone else may be found able and willing to do this rehabilitation.

The second requirement for a realistic slum clearance program involves tenants rather than the landlord. It is necessary to organize teams of tenants to prevent vandalism, mischief and just plain carelessness and negligence, which cause an enormous amount of deterioration in slum areas.

In New York City the Housing Authority recognizes this problem and employs a police force larger than that of most cities of the United States to deal with it. The City also exercises its extensive legal and

police powers to ease the "bad tenants" from its properties, and it carries on more evictions of this nature than all the slumlords extant.

By a strange oversight, the city politicians are entirely unaware of these happenings in the private sector. On the contrary, they find that the small property owner destroys his own property in order to spite the tenant, while bringing about his own bankruptcy.

In order to prove this righteous wrath and undying devotion to the underdog, these officials accelerate their punitive pursuit of the small property owner by bedevilling him with rent reductions and violations for offenses which cause the ouster of tenants in city-owned property.

MR. DAVIS: Would you be willing to try and summarize your views?

MR. MELTZER: This double standard must be stopped, and officials charged with the handling of real estate problems must have a comprehensive and extensive knowledge of the economics, financing and management problems of depressed real estate, which few, if any officials now have.

I am optimistic enough to believe, out of long and varied experience, that competent individual owners do not need an enormous police force, and an army of assistant corporation counsels to win the cooperation of most tenants in slum areas, once the proper economic foundation is established. They need only the sympathetic understanding and occasional cooperation of the City authorities, as well as the cooperation of the Negro and Puerto Rican communities.

Given the proper leadership and programs and procedures indicated above, together with some acceleration and extension of the urban renewal programs now going forth, it is easily possible to dispose substantially of slums in the City of New York within three to five years.

It is also possible to provide jobs and a training ground in the building trades for thousands of slum dwellers who cannot now find that training ground elsewhere.

If the City of New York were to launch a crash program in the training of painters, plasterers, carpenters, electricians, masonry workers, etcetera, and at the same time establish the proper economic incentives for the renovation and reclamation of slum buildings, the jobs and the men would find each other.

If all this seems wildly Utopian, it is only because the past has been marked by unbelievable ignorance and incompetence, and mendacity in this area.

Only one question remains — do the politicians in power, and the other men of influence, have the understanding and courage to embark on the right road? Thank you.

MR. SHUMAN: Mr. Ostroff wants to put some material in the record.

MR. OSTROFF: In response to the question of the Commission, I am happy to hand to you two reports¹ which indicate the source of funds of Community Service, Inc. This is its financial statement. This is just one statement on four of the jobs that we are involved in.

¹ In Commission files.

There were allowable construction fees. We act as our own contractor on some \$13 million. The fee that Community Service agreed to do the job for was \$1,580,000, as against an allowable schedule by the State Division of Housing of some \$13 million.

MR. SHUMAN: Mr. Seidel, you made a serious charge when you said there was no public statement of costs.

MR. SEIDEL: I have tried on many occasions to get this statement. My charge was a simple one, that there is a profit corporation run by the same people who are in the nonprofit corporation, and how much money are they making on it by acting as their own contractors? Do they have sealed bids where other contractors do? That is not a serious charge; it is a very open charge.

These people have put themselves over here as the "Great White Fathers." I maintain they are making money, and a heck of a lot of money. The point I am making is, it is being done at the expense of the businessmen and people who own homes in this city, and by God, they are not going to get any thanks from me.

MR. DAVIS: The meeting is now adjourned.

(Adjournment.)

*Community Church of New York
New York, New York
Morning, September 8, 1967*

New Yorkers' ideas of how to deal with the need for building more housing for the lower-income groups, and conserving the existing supply in their city, occupied the final morning of the New York City hearings. Officials long in service, representatives of agencies recently formed to work with the deprived neighborhoods, and a large number of public witnesses combined to present a kaleidoscope of problems and proposed solutions.

MASSIVE HOUSING SOLUTIONS

MR. DOUGLAS: Ladies and gentlemen, we want to thank you for coming, and we want to thank the Community Church of New York for making its facilities available.

We are very grateful to Mr. Moses for coming. I don't know how he bears all the burdens he does. We appreciate that he has taken on one added task.

I am going to ask Mr. Richard O'Neill, who is editor of *House & Home*, a distinguished New Yorker and a very valuable member of this Commission to preside and to introduce Mr. Moses.

MR. O'NEILL: Thank you very much, Senator. The first announcement is, there is no smoking. The second announcement is, I think it is

particularly appropriate that the hearings be held in this particular building.

This is the Community Church, a Unitarian-Universalist Church, and is also used by the Metropolitan Synagogue. It was founded by John Haynes Holmes, who was one of the founders of the American Committee on Civil Liberties in the teens of this century.

The current minister, Donald Harrington, is at the New York State Constitutional Convention. When he was installed as Associate Pastor, 25 years ago, Fiorello La Guardia and Stephen Wise and John Haynes Holmes were all part of the installation ceremony. Incidentally, the last two are the two that put the heat on Roosevelt to get Jimmy Walker out of New York City politics.

In this congregation there are Negroes, Jews, Irish, and English.

Our first witness is Mr. Robert Moses,¹ who is now Chairman of the Triboro Bridge and Tunnel Authority. He has been in public life for almost 50 years, and was Secretary of State of New York under Gov. Al Smith.

STATEMENT BY ROBERT MOSES

MR. MOSES: Senator Douglas, Mr. O'Neill, members of the Commission: The substance of my remarks here today has recently appeared in two columns in *Newsday*. This is a specific 10-year slum clearance program beginning in New York City. I have added a few simple, rough New York City slum charts in back of me here, so it won't require much explanation.

Prominent citizens throughout the Nation have been guessing what caused the recent riots and burnings in the so-called ghettos and what to do about them. Decent housing is one of the remedies, old, recognized and inescapable, which should have been implemented long ago by action instead of lip service.

Many taxpayers seek an excuse for looking the other way. They say, with some truth, that good public housing is quickly ruined by sluttish tenants, and that it is a waste of money to provide it until all are educated. There are, however, no reliable figures to prove that more than a minority in the slums are incapable of upholding decent standards.

It is my thesis that slums must be wholly eradicated. Any number of schemes for massive slum clearance have been advocated since former waves of immigrants ceased to use them as temporary stopping places on their way onward and upward, and since new tenants with less ambition and fewer opportunities settled down and accepted increasing squalor and misery.

The logistics of slum clearance are simple and in their full implications appalling. Debates over methods, ways and means must yield to experience and common sense. We need honest, tough builders, not irresponsible designers full of chatter and pride of authorship.

¹ While following public service career in New York metropolitan area, consultant on municipal and state planning affairs throughout United States and Brazil, and lecturer at many U.S. universities; contributor to magazines and newspapers on subjects of housing and planning. Recipient of many awards for accomplishment in public service.

In measuring slums it is a disgraceful fact that with all the hordes of experts, inspectors and statisticians and quickie guessers equipped with graphs, computers and think machines, and all the basic research and experiment, no two agencies, public or philanthropic, agree on the most elementary figures. Where are the undeniable slum areas? How many people are there in them? How many on an average per tenement house? Is the average room count, including kitchens, living-rooms and bathrooms one person per room or something else? What is the average construction and rental room cost? We must end by averaging the averages, applying reliable rulers, and checking with contractors, merchants, police and also smart non-experts.

A Slum Elimination-Housing Program for New York

My figures are for New York City alone, and are on the conservative side. The problem, baldly stated, is this — how to obtain decent, low-rental, highrise apartments on 20 percent coverage of land for 1 million people of very small means presently living in slums.

There have been recent announcements of an official Model Cities Program to provide 14,500 dwelling units, of which 8,000 units would be in Harlem, in the Mott Haven section of the Bronx, in East New York, and in Bedford-Stuyvesant in Brooklyn. Two thousand of the 8,000 units would be rehabilitation jobs. This program would replace only about 6 percent of existing slum dwellings in New York City.

Most slum people live in two well-defined areas in Manhattan: three in Brooklyn, two in the Bronx, two in Queens. These areas are loosely called Harlem, East Harlem, Bedford-Stuyvesant, Brownsville, East New York, South Bronx, Morrisania, Jamaica, and Corona-East Elmhurst. The residents occupy approximately 40,000 tenement houses, averaging 48 to a block measuring 600 by 200 feet, which means three acres. The houses average 25 people; each block therefore has 1,200. These tenements cover 80 percent of the ground, leaving only 20 percent open.

At present rates, the average cost per block in condemnation would be about \$1,700,000. The average construction cost per rental room would be \$2,850. Playgrounds on each block would cost \$150,000. Larger playgrounds, covering a full block of three acres for general neighborhood enjoyment, would cost \$1 million each for construction. One every 10 blocks would be required. Schools would cost about \$2,800,000 apiece, one for each 20 blocks.

Shops and other small businesses should bring in considerable revenue. Manifestly, fine architecture, ornamentation, and new forms can be encouraged only if they add little to cost and do not interfere with standardization, prefabrication, and Spartan simplicity. Engineering, architectural and building talent must no doubt be directed to improving the appearance as well as functioning of multifamily slum clearance housing to avoid the monotony of stereotyped institutional shapes and facades. There is no time left, however, for prolonged

deliberations, shotgun weddings of beauty and utility, and competitions for plaques and prizes.

The new buildings must be easy to keep clean, inside and out. The fact that estimates for slum eradication are on a typical gridiron block basis of course does not preclude circular development plans and other departures from old patterns.

The cost of moving people would be close to \$200 per person. Relocating small businesses is also an item. All in all, the expenses of rehousing slum dwellers, including land where not publicly owned, would be close to \$5,500 per person. We are therefore talking about \$5.5 billion for public housing to clear and rebuild present New York City slum housing 1 million residents, of which perhaps 40 percent of present slums may over a period of 25 years come back. In other words, there is a write-off of 60 percent. (That is disputed. I never heard any figures from people of long experience, and contractors and people like the Needle Trades, put that figure at less than 50 percent.)

As to financing, 60 percent would be non-reimbursable government aid; that is, \$3.3 billion would be a subsidy, and \$2.2 billion would represent loans at low interest rates. This would make possible an average rental of \$16 a room a month, arrived at by using present rental scales in public housing running from \$14 to \$24 a room.

Far and away the most promising large low-rental housing, non-government projects, are the cooperatives sponsored, built, and run by the Needle Trades.

I gathered from what I have read that you had Jack Potofsky here yesterday, and I suppose you have listened to others from that group. These pioneers, led by Jacob Potofsky, Abraham Kazan, and Harry Van Arsdale, have built largely on open land, but they have also cleared slums admirably where made feasible, as in the case of Corlears Hook, Seward Park, and Penn Station South. These sponsors are our best hope to supplement public projects. Their apartments require modest investment by tenants, and are presently about \$22 a room on an average. The savings and commercial banks and mutual insurance companies should make loans at low interest rates, but it is likely that they will continue only to make conventional, first mortgage loans on a very conservative basis.

The program above presents largely an engineering problem. To reach anything like the goal, there must be an embargo in ideological wrangles, extraneous issues, politics and personalities. When those who want slums replaced get together and agree on the financing and builders who can do it, there will be action. If the contending factions stop feuding, the fight will be half over. If they prefer controversy, the slums will become more rotten and their inhabitants more unhappy.

Let us not underestimate the tonic effect of such a program on employment and the building unions, and their opportunity to adopt a more liberal, honest, and realistic policy toward recruiting apprentices. They must share their prosperity more generously. The breakdown of such a huge building program into jobs and materials will require a new awareness on the part of labor leaders, and a new statistical

analysis and brain trusts of their own. Building contracts should provide for hiring local labor, including semiskilled and unskilled laborers certified by the United States and state divisions of employment as able and willing to work.

So much for New York City. Based on the New York experience, I propose to offer some national remedies.

Nationwide Housing Solution: \$50 Billion

The preceding, written in the aftermath of bloody riots and mob violence, gave the ABCs of slum clearance in terms of the most notorious ghettos in New York City. It pinpointed the people to be served, the rookeries to be eradicated, and the scope and cost of such a task.

This second piece, in similar summary fashion, deals with the remedies. The problem is urban and nationwide, and in its broader implications, global. Certainly, what goes for New York goes equally for the same rabbit warrens and rookeries of our own hinterland.

Hold your hats. The job in New York City alone will take a Federal subsidy of \$3.3 billion. The job in the Nation will require \$50 billion in all, at the rate of \$5 billion a year, spread over 10 years.

The *U.S. News and World Report*, a most reliable publication, says that all told the Federal Government's spending in the year beginning July 1, is estimated at \$137 billion. The biggest single item is the war in Vietnam. Comparing spending for war, foreign aid and other world programs with key programs of the Great Society, we find that for war in Vietnam we spent \$24 billion; and for aid abroad, including military aid, Food for Peace, the Peace Corps and other world programs, \$5.3 billion.

By comparison we spent for public health (other than research) \$1.1 billion; for Federal aid to public schools, \$2 billion; for relief to the needy (Federal share) \$4.2 billion; for Federal aid to higher education \$1.4; for low-rent public housing, \$275 million; for school lunches and special milk programs, \$347 million; for war against poverty at home, \$1.9 billion; for the food-stamp program to feed the poor, \$193 million; for the Federal share of maternal and child welfare, \$264 million; for retraining workers in new skills, \$295 million; for Federal aid to mass transit, \$110 million; and for rebuilding cities — urban renewal — \$469 million.

President Johnson insists that we can afford both war and domestic rebuilding at the same time. Simple arithmetic, however, sustains him only if he curtails both. We must cut deeply somewhere and also vote sacrifices in the form of increased taxes. Who and what gets the axe, bearing in mind that to do the entire national job of slum removal alone would require in each of the next 10 years about 20 percent of what we are now spending on the Vietnam war?

In a presidential year the candidates are alchemists. One man's treasury is another's Caligari cabinet; one man's gold is another's moonshine; one man's surplus is another's deficit; one man's optimism

is another's handwriting on the wall. The 1896 election turned on sound money against free silver. The choice next year will not be nearly so simple. Nobody is going to get away with slogans about crucifying mankind on a cross of gold and pressing upon the brow of labor a crown of thorns.

If we could get rid of part of the growing burden of \$24 billion a year in South Vietnam, even 10 percent of this amount spent on housing each year could clear the very worst of the municipal slums, substitute decent rooms, light, air and recreation, and in the process train and employ a large number of the presently jobless. I do not urge quitting South Vietnam. We cannot forget our own people at home.

The doubt persists whether we are not spreading ourselves too thin over the whole globe, whether we have not been too noble and generous, too eager to share our not unlimited wealth with other nations, whether the civilization we enjoy is necessarily everybody's cup of tea, whether foreign countries will be grateful for our advice and interference, and whether we have the means and the will in order to contain communism and garrison the outposts abandoned by the British and the French. Is this the big confrontation — the inescapable choice of alternatives — or is there a way out by compromise? If so, the compromise must turn up at the Great Assizes of 1968.

Communism is a philosophy. It promises everything to the proletariat, including tyranny. The claim of the USSR in its Expo '67 Pavilion in Montreal that a large proportion of all capital investment each year is allotted to housing is something to give us pause. We offer democracy and freedom, but we can't win the argument abroad if we have too much rust in our armor at home. The slums are rust of the worst kind. In ideological warfare this contrast between our noble pretensions and the ugly facts is a terrible handicap. Our housing record constitutes more than a reproach and target for domestic abuse and Communist ridicule. It is a living, palpable manifestation of incompetence and failure, and nothing but remedial action on an enormous scale will change it.

Let us suppose that foreign war and aid are cut gradually in the next 10 years, and the Great Society program reduced to essentials. The main expenditures — foreign and domestic — would be budgeted, the foreign budget gradually downward, the domestic budget upward. Failure to meet domestic challenges might be catastrophic. Why not then a strict military budget? Why not say to the generals "Be ingenious, imaginative, prudent, economical. This is all you can spend. Civilian needs at home are just as desperate as military requirements abroad. You will have to live within your means."

Meanwhile, there are few to envy the Chief Executive, many who sympathize with him, and quite possibly a majority who will conclude that no one else could do better.

To sum up: Slums are a symbol of despair. For \$5 billion we can wipe out the New York City slums in 10 years; for \$50 billion in our entire country. Fifty billion dollars is a sizable but not unmanageable fraction of what we currently spend on South Vietnam. We cannot

afford a civil war at home along with war in Vietnam. With no financial escalation in Asia and concentration on a realistic urban slum program at home, we could pursue both ends at once.

MR. O'NEILL: Thank you very much for that eloquent testimony. We will proceed to the questions of Mr. Moses, using the 10-minute rule. We will start with Mr. Baker.

QUESTIONS BY COMMISSION MEMBERS

MR. BAKER: *Mr. Moses, you are undoubtedly aware of the challenge this Commission was given, to reach this goal. What, in your mind, is the single most important recommendation that we can have?*

MR. O'NEILL: *The question is, what is the single most important recommendation you might make to this Commission that we recommend in our final report?*

MR. MOSES: I recognize, of course, that there are details of any such plan that must be subject to debate and discussion. Let me give you an illustration:

I read what several speakers have said, including remarks made by the Mayor and by Mr. Potofsky and others. There seems to be some disposition to believe that the cooperatives alone could do this entire job. I am sure that that isn't the impression that Mr. Potofsky sought to leave with you, because it just isn't so. They have done the best work that has been done in New York. I have had some contacts with them, worked with them on every single project, bought the Jamaica tract for them, did all the negotiations there, and a good deal of the negotiating up in the Bronx at Freedomland, which is now called Co-op City.

They might conceivably do 20 percent of the work, but you musn't forget that their rentals are going to come out somewhere in the neighborhood of \$21, \$22, \$23, and those rentals a great many people in the slums — I would say 80 percent — can't pay. You must get a totally different approach to it if this is to be done exclusively by cooperatives.

That is an illustration of how difficult it is to work these things out. It does not mean it is impossible. It doesn't mean that the cooperatives, with the Needle Trades taking the lead or others in the picture, will not attempt a substantial part of this program. But they will tell you frankly, if you press them, that they are looking for open land. They are looking for vacant land. If you find vacant land to which to move people presently in the slums and then come back and rebuild the present slums on a 20 percent coverage, the co-ops could do a very good job. But they are going to shy away from that.

There have also been references to having a large part of this work done more or less directly by using other reservoirs of capital, such as the savings banks and insurance companies. The mayor and others have hinted at that. I think, however, that you are wasting a lot of time, because they are not going to do it.

We secured passage of a law that enabled the savings banks to join together to build cooperatives or other housing. At the time there was an inducement that they could not very well ignore: the need to provide some kind of living quarters for the United Nations' personnel. That is how we built Parkway Village. The rentals were not particularly low, but the job was done. When we tried to get them into the more speculative kind of building, and to regard this as something more than a prudent investment, we didn't get very far with them. I only know of three projects that represent any pioneering by the banks.

You may get them to reduce the interest rate on the money they lend. But this is not a gift. Assuming that for the sake of argument the loan is 50 percent of project cost, they will make a prudent investment on that 50 percent — not on the other 50 percent. That will just simply be wiped out. Not long ago I talked to a meeting of the savings bank people, and there was absolutely frigid silence on this subject. Nobody said a word; nobody asked a question. The chief man who had invited me to come there did not come to the luncheon himself.

In the case of the insurance companies, Fred Eckert of the Metropolitan Life Insurance Company persuaded his board to go into Stuyvesant Town and some other projects. He made what I consider to have been a serious mistake in the selection of tenants in not doing more about inviting and welcoming Negroes. In the end that was changed, but by then it was too late. The project was, however, a wonderful thing. We cleared, as I recall it, 78 acres of old slums, in which about 11,000 people lived, and substituted highrise buildings on 20 percent coverage, renting at reasonable prices and accommodating about 28,000.

One of the things that went wrong was the formula for rent adjustments. The agreement between the City and Metropolitan provided for an increase in their charges if the sponsor could prove that they had to have it on account of an increase in costs. Nobody in high office in the City would go along with that. The Metropolitan was forced into court, where, of course, they got the order and got the increase. But they had to litigate over a year and a half, and they are not looking for more of that. Maybe you can get them to tell you that.

New York Life did a very good job in Queens. This was not slum clearance since it involved vacant land. The rentals were fairly low, but way above the rentals we are talking about here. When you get into rentals of \$35 and \$40 a room, you are just not talking about housing the same people.

There have been grotesque mistatements about the slum clearance program in New York. For example, the story is repeated over and over again that the Federal Title I¹ Law provided exclusively for low-rental slum clearance housing. That is absolutely not true. It provided for slum clearance as such, and the objective was attained when you cleared the slums, regardless of what came in afterwards. Senator, you are familiar with this. Bob Taft, who was a friend of mine in college, came to me and talked to me at great length about this law. I subse-

¹ Urban renewal.

quently discussed it with Senator Wagner. I never knew Senator Ellender. That was the basis for the Act, and that was the basis on which our committee had to approach it. In a number of cases we provided housing in which the rentals represented all that the traffic would bear, in order to offset the slum clearance costs and to achieve other objectives.

Take the Performing Arts Center and Lincoln Square, generally. We cleared that area partly for the Performing Arts Center, which pays no taxes, partly for Fordham University, which pays no taxes, and partly for full tax-paying housing. Ever since we first got into that project it has been misrepresented. There was no other way in which we could have cleared that slum.

Some people come along and say, "Look at the high rentals the housing part of that project brings." Well, we are looking at them. That was the only way the project could have been done. The writedown on land, which is one of the two requisites — the other was the power of eminent domain — was from \$28 a foot to around \$7. That enabled us to clear that whole area.

The same thing is true of New York Coliseum. The housing in back of the Coliseum is full rental housing. It couldn't have been anything else, to comply with the law. That was the law and, to a considerable extent, that is still the law today. I don't say a law can't be changed. But I don't think that is going to happen.

You have a million people living in so many houses. Either you want to get rid of the slums, or you don't. It is preposterous to talk about getting rid of the slums piecemeal, by digging holes in the roof and lowering in bathrooms and kitchens. You wouldn't accomplish the clearance. Theoretically, you might do it in 200 years.

You have got to take this thing on.

Practical to Build on Vacant Land

I think it is practical to build on vacant areas as shown on one of these maps, siphon out the people who are now in the slums, and put them in the new areas. Then rebuild the slums on a 20 percent coverage, and bring them or other people back. There is no segregation involved in this at all. For the first two, three, or maybe even four years, there are areas available for the purpose if you want to use them.

I have been reading in the papers in the last week or two about abandoned forts in the New York area being made available. Well, there are only two that make any sense. Both are in Queens. One of them is Fort Tilden, and the other is Fort Totten. If the Federal Government would turn them over they would accommodate a very large number of people who are now in the slums.

The old Washington Market, on the lower West Side of Manhattan, belongs to the City and is now vacant. All kinds of plans have been proposed for it. If that were turned over we could build housing for a certain number of people, occupying say 30 or 32 acres in Harlem,

siphon them out and put them in there. That part of Harlem could then be rebuilt on a 20 percent coverage with average rentals which I think could not be much more than \$16 a room. You could do the same thing in a number of other areas indicated on these charts where there is vacant land on which the initial part of this program could be carried out.

From the engineering point of view this is not a very difficult program. It is difficult because of the enormous amount of money that is involved; because of the need of getting together people who prefer to disagree on details rather than to agree on a program, and because of the increasing difficulty of finding people who will stick their necks out to do this kind of a job.

MR. BLACK: *Mr. Moses, you have projected from your experience in New York a cost of approximately \$5 billion a year for 10 years, as I understood you to say. In that \$5 billion, do you include the school construction and park construction that you referred to?*

MR. MOSES: I did in the statement I made. What we put in there is perhaps slightly dogmatic, but it is not academic. We provided enough playground space for each block. That is, within the three acres within each block there is a playground which we would assume would be designed largely for children and older people.

Then, for every so many blocks, an entire three-acre block would be developed for active recreation at a cost chargeable to the project. The fact that all such costs are chargeable to the project makes for these rather staggering figures. The only costs not chargeable to the project would be those of certain major utility changes which have to be made by the utility companies, and changes which the City would have to make anyway. We have included new schools, in order to avoid running around to the other departments to find out whether they can fit them into their budgets. More and more, that is what we are doing on highway arterial work — charging playgrounds and additional facilities to the project.

In the Triborough Authority we are now providing for the City Park Department 18 new sizable playgrounds, including one with an all-year-round swimming pool and recreation plan. But when I first brought this up with my associates, they said they didn't quite see what that had to do with getting revenues for bridges and tunnels, and what it did for our bond holders.

I said, "It is in the law."

They said, "Well, you sneaked that in the law."

There may have been some truth in that. "But anyhow," I said, "this is public relations. This is something we ought to do, and we are doing it anyhow."

The interesting part of it is that out of our many bond holders, holding millions of dollars of bonds — and we have hundreds of millions outstanding — we didn't get one letter objecting to doing that — not one.

I would answer that question by saying Yes: all the things needed to create a new community are included in these figures.

MR. O'NEILL: *Thank you.*

MR. DEGROVE: *The day before yesterday we had Senator Kennedy appear, detailing a new set of incentives that he believes will attract large amounts of private capital into the slums to clear them and produce new housing. Are you familiar with his proposals?*

MR. MOSES: No.

MR. DEGROVE: *Putting that aside, then, how do you envisage your program of \$50 billion being carried out — mainly through public agencies or mainly through private agencies?*

MR. MOSES: All agencies are involved in it. I just mentioned the cops as being the best group to deal with, but I added that they couldn't possibly do more than 20 percent of the job. They are supposed to do things for their own members. Their tenants, as you must know, are not exclusively members of the union. They don't want to have exclusively union tenants, both as a matter of principle, and also because they would not like to be in that situation in times of trouble, if there were a strike.

In any event, they can't do more than 20 percent of the job, and they have a rooted objection to slum clearance as against building on vacant land.

I think they might be persuaded to go into this kind of program. They did at Penn Station South and at Corlears Hook. A most outrageous award in condemnation of the land was made by a Supreme Court judge in one of those projects. It was so bad that we went to the Appellate Division and raised so much Cain there that the case was sent back. Although there was no error in law, there was an error in what the judges call judgment. The award was reduced, but not appreciably and there was still a gap which the union could not make. I went to the Mayor with the heads of the union and got the City to make up that gap. Without that the union couldn't have one ahead with the building. That is just one phase of the problem.

From their point of view, the possibility of going into this thing for profit can be dismissed. It doesn't make any sense. There simply isn't any way of clearing the slums for people who will pay \$16 and \$18 a room and making a legitimate profit out of it, even if the Government puts up from 40 to 50 percent in the form of a grant. That doesn't mean that you foreclose bringing in all the other possible groups — foundations, for example. Plenty of foundations could go into this thing, and might well go into it, so that you draw in all the people who make any sense.

But any thought of doing this by magic and mirrors, as far as private capital going into it, does not make any sense. You won't get anywhere with it.

Urban Renewal Land for Lower Cost Housing Only?

MR. RAVITCH: *Mr. Moses, it has been of extreme interest to me that as this Commission has traveled around the country, the views ex-*

pressed by government official and community leaders have, for the most part, reflected the same issues that were central to the controversy that ranged around your programs and your critics, five and seven years ago.

I would like to direct a few questions to this, if I may. Do you support the policy that urban renewal land today should be used exclusively for the construction of housing for people of low and moderate income?

MR. MOSES: I don't understand the question.

MR. RAVITCH: *The City of New York, you remember, has had a policy that urban renewal land, that the land obtained through write-down under Title I should be used exclusively for the construction of housing for people of low and moderate income. I wonder if you subscribe to that point of view?*

MR. MOSES: I don't think we're talking about the same problem. If you are implying that there are large areas where other means of providing better houses should be used, I couldn't agree with you more. I was confining my remarks to the acknowledged slums, buildings that are falling apart, that are full of rats, that people shouldn't live in. There are plenty of other buildings that have to be rebuilt. It will take all the capital — private and public — you can lay your hands on.

MR. RAVITCH: *My question, sir, is this: Where the City of New York acquires property through the Title I program, through its use of eminent domain, and relocates people as a result of it, should this real property be used for any other purpose besides the construction of housing for people of low and moderate income?*

MR. MOSES: As far as these particular areas that are on these maps are concerned, the areas with the million people that I have been talking about, obviously there have to be some uses that are commercial. Some shops will go out, and can be brought back again, as we brought them back in connection with highway work.

But industry as such would not be provided as part of this scheme. I would say it was absolutely impossible.

MR. RAVITCH: *Would you support the construction of fully taxpaying houses, let us say, financed under Section 220, as most of the housing that was built in the projects you were in charge of? Would you recommend the use of Section 220 of the National Housing Act on urban renewal land in New York City today?*

MR. MOSES: What are you talking about — hospitals?

MR. RAVITCH: *Housing — houses financed through Section 220 — Kips Bay and Lenox Terrace and Delano Village. Would your recommend using that financing tool for housing created on urban renewal land in the City of New York today?*

MR. MOSES: If I understand what you mean, I don't see any objection to taking part of these areas and putting in anything that is in the public interest, provided that you stick to the idea of getting rid of all the old houses — all of them. Not repairing and rehabilitating them, but raze them, take them down, and put in their place something that will house at least a number of people that are there now,

on high coverage. As a rule of thumb, if you have 80 percent coverage, and you want 20 percent coverage, you go up about four times as high.

MR. RAVITCH: *Mr. Moses, I am only trying to refer to the rent level on the new housing that is created. The thrust of my question is whether subsidies, including Title I subsidies, should be used for types of housing other than for people of low and moderate income.*

MR. MOSES: I have answered that the best I can. I don't see how you can carry out a limited program of this kind, involving areas which we have defined as distinguished from the generalities most people talk about. I would say that there is nothing you can put in this area outside of things that represent services for the people who live there. Those things should be in other places. There are plenty of other places that have to be rehabilitated in New York besides the areas we have designated. This is the kind of thing that militates against getting anywhere. You are going to get down to debates and discussions about every last thing that might be done here and there, and you won't accomplish anything. The people who engage in the debates will have the pleasure of having debated.

MR. RAVITCH: *Mr. Moses, I think we all recognize that the cost of land and the cost of construction in the City of New York have risen to the point where today, even with 50 percent tax abatement and low interest loans, we are producing housing that rents for the same price that private industry 10 years ago was able to provide without any subsidy whatsoever.*

Do you have any thoughts or recommendations as to whether anything can be done to lower construction costs in multifamily construction in the City of New York?

MR. MOSES: I am not bright enough to know the answer to that. Why don't you get Harry Van Arsdale in here and ask him, and Peter Brennan and the other people in that group? I don't know of any fancy way in which the cost of construction can be brought down drastically and immediately. I don't think anybody in public life who has a decision to make on this thing, including legislators, believes it, either.

The figures we have given in this talk of mine are ultraconservative. Actually, the construction cost per room in the recent experience of the Needle Trades, the co-ops, has been around \$3,200. Whether it can be held to \$3,200 I don't know. I should ask the people in the co-operative trades about that. Is it going to go up? I think it is. If strikes will be substituted for construction, I don't think you will get anywhere.

As to changes in the building code, we are doing that right along, but you can't change the building code in the way some people propose. The notion that you can build some kind of temporary, ramshackle buildings to accommodate people for the time being is just so much hogwash. You can't do it under the code. You want to repeal the code. We have amended the code to provide for a World Fair. We have amended it to some extent, to provide for some of the ingenious things that Frank Lloyd Wright worked out here in New York. But those were legitimate changes, and they only involved very small territory. But I do not buy the notion that there is such a thing as a fancy way of bring-

ing costs down and prevent increases in rates. You asked me whether some of the rates are too high. I think they are. If you ask me if some of the hours are too short, I would agree with that, also. But what do you do about it?

When we were building the Power Development up on the Niagara and St. Lawrence, beginning with the St. Lawrence, the labor rates were high, and they rose higher. I could see only one thing to do to stay within our budget and within the amount of money we were able to raise, all of it by selling bonds to private prudent investors; no Santa Claus, no government money. That was to cut the working time from seven years to five years. We did that. Even the average wage of a wood butcher, a semiskilled worker, on the St. Lawrence and Niagara over the period of building time, was \$14,000 a year. That is what they got. Instead of quarreling with them about that and getting into a row, we put on double time and triple time, and we saved two years' interest and amortization, and we came in within our budget.

MR. RAVITCH: *I have one last question. If you were once again thrust with the responsibility of housing and urban renewal programs of the City of New York, would you change in any way the current practice of maximizing the participation of local community groups at all stages of the urban renewal process?*

MR. MOSES: I don't know what that means. That sounds to me more like a stump speech than like anything that is practical. If you mean should we encourage the contractors or force them to hire local people? Yes, I said that. I would compel them to take a certain number of people from the United States Employment Service and the State Employment Service, whether they are skilled or unskilled. You know what that will do, of course. That will raise their bids; no question about it. It is going to cost more, but I would do it. That has been done before, during the Depression. We did that very thing. I don't say it is ideal, but I think it works. You must, however, face what it involves from the beginning. But you will never get anything built if you begin asking how many people are going to sit around and debate how to do the work.

MR. RAVITCH: *Thank you very much.*

Participation of People, to a Point

MR. JOHNSON: *Mr. Moses, you say in your statement, "To reach anything like the goal, there must be an embargo in ideological wrangles, extraneous issues, politics and personalities."*

One of the things that we have observed in looking around the country recently is that the people who are going to be involved in the new housing who are being displaced, and who will occupy the new housing, want to have and should have some say and some participation in the formulation of policies, design decisions, and so forth.

I believe that is true. They should have it, and if they don't have it, I think we're building empty shells that they will relate to about the

way they do with the tenement houses, and so forth, that they have now. Would you comment on that, please?

MR. MOSES: If I understand what you mean, you are referring to policies in terms of deciding on a program; what area, what time limit, what cost per room, ultimately, what incidental facilities such as parks, playgrounds, schools. I go along with you entirely on that. Bear in mind that all these things have to go through a dozen different agencies. They go through the Borough President's office and the City Planning Commission, to mention two. You know what they all are. You have had plenty of opportunity to debate and discuss these things. But my point is this: Once you have decided on a program, you must put that in the hands of people who can carry it out. They are not going to sit around and debate after that. That is it. That is the program. You won't do it any other way.

Some of us have moved a lot of people, and there is nothing to the story that we are a bunch of sadistic bulldozers. Let me give you an illustration. We had to move seven villages back of the dam on the St. Lawrence. These are villages that have been there for a long time, people whose fathers and grandfathers lived there. We concentrated them in a new village above the floodline, because otherwise they would have been under 30 feet of water. We got some kicks when we discussed the policies. We moved every single house. We moved 65,000. We couldn't move the churches because they were too big, but we built them new churches.

I never had a debate, as chairman, with my Canadian opposites. Saunders, the first one, was killed in a plane accident, and he was succeeded by Jim Duncan. I said that we would pay 50 percent of the cost of this on the New York side, even though the villages were not there but in Canada. They would have to do the same thing on our side, although ours was a very easy problem, because they were almost all summer cottages that were involved. We never had a written contract. We spent \$70 million without any debate or discussion, and we finished in five years instead of seven years. But that is the way these things have to be done.

Your debate has to come over the policy of what you are going to do. But once that is over, once it has been decided, you can't harass and bother these people right along.

We were held up on every phase of our slum clearance program in New York by opposition. We lost a year and a half to almost two years in Washington, debating whether the government aid should be used for a Catholic institution like Fordham. That went all the way up to the United States Supreme Court. It had nothing to do with getting anything accomplished. It was just bigotry and stupidity, and we ended up by winning the debate, and we wasted almost two years in the process. That happened over and over again.

You have to distinguish between the policy of doing the thing where people should be consulted, and actually carrying it out when the policy is determined. If you continue your debate into every phase of construction, you never get this done.

MR. FEINBERG: *Mr. Moses, we are very grateful for your coming here and taking your time to testify and discuss these matters with us, and to subject yourself to this questioning.*

I want you to understand, Mr. Moses, that we have a responsibility. We are making an inquiry. We have been charged with the responsibility of making a report to the President and Congress, the purpose of which is either to criticize or suggest probably a change in programs that now exist in the Federal field. Or, if the good Lord in his infinite wisdom deigns it, we shall be inspired with something new, some real solution to this Herculean task, this great problem, then we would like to be so inspired and would like to make that recommendation.

Therefore, I want to review, if I may, with you for just a moment, an experience that we had in New Haven back in June of this year, sometime prior to the recent riots that took place there.

As I remember, one of the dissident groups that attended our hearing was very insistent upon being heard. One of the charges that they made very strongly was that the money in urban renewal projects was being spent in the wrong places, that is was originally designed to create better housing for the slum areas, and we all admit the slum area is the key problem with which we are now confronted. They said that the money was being spent on the downtown plan to aggrandize the commercial aspects, and even the cultural things, but that the poor people down here at the end of the line were the ones being neglected. I ask you, Mr. Moses, is there any truth in this? Can you tell me from your experience and from your judgment, is there any truth to that charge?

MR. MOSES: Certainly. It so happens that I was born in New Haven. I know New Haven pretty well. I went back there to college. I know the Mayor. He has asked me to come down and talk to him several times on this subject. If he were here, I wouldn't make any different reply. I think that charge is to a considerable extent well founded. I said so at the time. I thought in the first place he was spending too much money. I thought in the second place there was too much concentration on the commercial part of that town.

I know that area. My father had a store there. He owned the Chamber of Commerce Building. I know exactly what it looked like. I also know that when you went a little further on you ran into the real slums, and there wasn't enough done there. I think it was a mistake. That is no ex post facto analysis. I told Dick [Mayor Richard Lee] that at the time.

A great deal has been done there. Dick is a very persuasive and able fellow. He is intelligent, and he had a lot of help from the University and others. In the process he got into plenty of trouble. I have always thought that something like what happened would happen there.

MR. FEINBERG: *May I ask the same question of you in respect to the City of New York. Do you think the same thing has taken place in New York?*

MR. MOSES: I think I would have to say yes.

MR. FEINBERG: *As, for instance, the money spent in the area of Lincoln Center, and within that entire atmosphere and environment. I am not saying this in a critical way. I am asking because I don't know. I look to you as one who is conversant.*

MR. MOSES: I think you picked an unfortunate example.

MR. FEINBERG: *I am sorry.*

MR. MOSES: I will tell you why. That same money wouldn't conceivably have been available for the other things. It couldn't have been. Fordham University has grown and wants a new campus outside of Rose Hill downtown.

What is the good of going to them and saying, "Why don't you give this money for slum clearance in Harlem?" That might make a good speech, but it wouldn't mean anything. They don't have money available for that purpose.

The same thing would be true of the Performing Arts. The people that are in this picture, you say to them, "Forget the Metropolitan Opera; forget all the other concomitant elements up there, and just take that money and put it into slum clearance." I happen still to be on the board, on the executive committee. I never heard anyone suggest that, and I know it wouldn't make any sense if it was suggested.

There have been some other cases where I think a more liberal interpretation of the law might have resulted in using money in Harlem and other places that finally ended up with high rental projects. But every time we tried it we ran into endless difficulty. The technical end of this thing is important.

The only agency in Washington I have ever dealt with involving government aid that set standards absolutely honestly, intelligently, and simply, has been the Highway Office, way back from 1917 to date. There a standard is set, and is followed all the way through. They don't mess into every detail. They don't tell people how to do everything.

Merely getting an answer to a letter from other agencies sometimes takes three months. Then you get double-talk that doesn't mean anything. You have to get another answer.

MR. FEINBERG: *I couldn't agree with you more — which leads me into my next question. We have had testimony offered to us during the course of our hearings, that some of these Federal programs, with their rigid rules and regulations, and their sets of standards without any element of flexibility whatsoever, make it impossible for them to be applicable to all areas, because all areas are not alike.*

Let me ask you this: You will agree, will you not, that New York City and Philadelphia and Houston, Texas, and other places, are each different? Is there not, in the physical construction of the housing areas of those cities, a difference? For instance, in New York City it is mostly vertical because of the shortage of land. That same thing does not apply to the so-called slum areas of Philadelphia.

I come from that section in New Jersey, very near Philadelphia, and I know that the construction and development there is more on a horizontal basis, rather than on the vertical housing construction as it is here in New York. Would you accept that?

MR. MOSES: I think there is a great deal in what you say, but I think you have oversimplified it. Let me give you a practical illustration.

Where you have row houses, as you do in Baltimore and in Philadelphia — and we have run into that as near by as Brooklyn on the approaches to the Verrazano Bridge — you can't move them. Where you have separate houses, they can be moved. We have done that on a huge scale. We have moved thousands of houses to bigger plots, a little distance away.

Then you have got another problem. I am not sure that I know whether this would apply generally throughout the country, but it does apply in New York. That is, in New York there is in many cases no place to move these houses. Any vacant land is so far away that you can't resort to that procedure. I would say, yes, it depends on the community, a great deal. That is why any generalization is difficult.

Are Federal Programs Too Rigid?

MR. FEINBERG: *May I ask you this question? In pursuance of that very question, for instance, in Houston they do not have the zoning law. They have absolutely rejected the idea of even entertaining the thought of enacting a zoning ordinance. As a consequence, they are deprived of many of the benefits of Federal programs.*

Their hue and cry and criticism is that the Federal programs are not flexible enough, that they should not be bound by the hardnosed attitude of a strict set of standards that is applicable to every city. That is the point I'm trying to make. Do you subscribe to that theory?

MR. MOSES: I don't know. I think everything is different in Texas.

MR. FEINBERG: *Let us take Philadelphia. I merely use Houston because of the fact that here is a city with over a million people that does not have a zoning ordinance.*

As a matter of fact, in the City of Camden, New Jersey, which is not very big — 120,000 — just until a few years ago they did not have a zoning ordinance. They had never had a zoning ordinance. The only reason they did it — and it was a bad one, I must confess — was to get the benefits of having a Federal program there.

Do you think that the Federal approach — this is the point I'm trying to make and the information that I'm trying to obtain from you, if I can — do you think that this approach of the Federal government being so rigid about its programs, and its rules and regulations and requirements, is fair in its present state?

MR. MOSES: I think that in that case, yes. I wouldn't put a nickel of Federal money into any community, any large community, that had no zoning — not a nickel. They ought to be dogmatic and emphatic about that. I can't conceive of anybody with a brain in his head who doesn't believe in zoning of some kind, and yet we have run into them right along. In developing the parks and parkway systems of Long Island we were responsible, through the State Park Commission, for prac-

tically every zoning system on the Island — county, town and village. We persuaded the people to do it. The last ones to give in were the people down in Easthampton. In part they haven't even given in yet. They don't believe in it. They think that this is some invasion of their rights. They think that it is undemocratic, that a man's home is his castle, and nobody should tell him about how he handles his home. I don't have any sympathy with that at all.

MR. FEINBERG: *I didn't mean to cast any derogatory reflection on Houston or Texas. I merely used that as an example.*

MR. MOSES: I didn't know anything about it.

Transportation and Relocation on Vacant Land

MRS. SMITH: *I have only one question. It involves your recommendation on using vacant land. There seems to be no very good, clear pattern — at least as I understand it — or planning beforehand, on the relation of the use of these vacant pieces of land, as regards transportation and location of industry for the very people you would be moving out there.*

As far as I know, there hasn't been a plan of that kind, with a recommendation for use of open land that just happens to be there. Is that correct?

MR. MOSES: I don't quite understand.

MRS. SMITH: *In the whole city plan, you pick out vacant land. There are various reasons why the land is vacant. But is this part of a whole plan that makes sense, to move poor people to certain areas where there is no employment or industry or transportation? It would mean that the transportation costs, for example, would be high.*

MR. MOSES: If you're asking me whether New York has a grand master plan, covering everything for the future, no, it hasn't. If you are asking me, as a member of the Planning Commission for 17 years and one who was offered the chairmanship of that body three different times, whether such a grand master plan is possible, I would say that it is impossible. A master plan consists of a series of plans, covering highways, housing, and so forth. In this particular case, I addressed myself to a very, very simple question, and it is a tough one for the fellow on the other side. Do you want these slums to stay as they are? If you say "Yes," we have nothing further to discuss. If you say, "Well, I would like them fixed up by repair," we have nothing further to discuss, because all my experience indicates that is impossible. If, on the other hand, we do want to get rid of these slums, then the question is, "Where do you put the people in the interval while you are rebuilding the slum area?"

The only practical thing I can suggest, as a start, is to put them where possible on vacant land by building on vacant land, wherever it is. If, for example, you are dealing with Harlem, I think that it would be a good plan all around, to take that vacant Washington Market area below Canal Street and say, "This is Area No. 1. We're

going to build so many houses so high for so many people, renting at \$16 or \$18 or whatever it is." I cannot see any objection to the plan, and I know the Market area pretty well. Then, after the slums are torn down, we rebuild in Harlem. That would be a subject for discussion on policy. But I don't know any way to avoid that.

The theory of what you would do if Harlem were not Harlem, or Bedford-Stuyvesant were not Bedford-Stuyvesant, escapes my crude, horse-and-buggy mind.

MRS. SMITH: *Do you feel then that wherever you are going to put people on vacant land, there may not be a proper answer to their employment and their transportation, but you feel that they will at least be out of Harlem or out of the slums? Or is there a plan to subsidize transportation if they live way out in Queens? Who will pay them, then, to get back to their jobs?*

MR. MOSES: Every step that is being taken in connection with transportation is based upon consideration of housing and where people are going to live. I do not know whether the Governor will get his \$2.5 billion proposition this fall or not. I hope he will, because I don't know anything better. But I do not know whether the program, once it gets under way, can be carried out in the manner and in the time that has been set for it. I do know that what you are talking about is a subject of daily discussion. We have a date next week with Jacob Potofsky and his assistant to talk about how you get back and forth from two projects he is particularly interested in. One, Co-op City is an immediate problem. The other one is the Twin Pines project north of Jamaica Bay, which they are about to start on. We have discussed how that is going to be handled and it involves hours and hours of discussion.

To what extent can the New York-New Haven Railroad be used? You can't use the New York-New Haven Railroad until you get clearance on the merger of the New York Central Railroad and the Pennsylvania Railroad. To what extent can the buses be used? Are you simply going to bus people into the nearest subway station and overload the presently overloaded trains, or will you carry them considerable distances?

All these things are being discussed. New machinery is not needed. You just need people in office to get together and talk things over.

MRS. SMITH: *Thank you very much.*

MR. DAVIS: *Mr. Moses, even without being asked any questions you seem to have answered every one of my questions. However, just to amplify Mrs. Smith's probing, aren't you a little concerned that we are just repeating the ghettos by moving them to another area where you just create a homogeneous community, rather than a heterogeneous one? Will we not, then, in a few years, have the same situation elsewhere that we are attempting to eliminate?*

MR. MOSES: I didn't understand.

MR. DAVIS: *On your pilot project of relocation, you have 335 acres of slums you would like to remove. I assume you would first build the*

relocation areas, and then move the people from the slum into the relocation areas. We are moving the same people into a contained area.

I somehow feel that the move will produce another ghetto, either racial or economic. I am sure you can devise a system whereby you could produce this heterogeneous community, where we can have a much better balance than we have had perviously.

MR. MOSES: I didn't understand it.

MR. O'NEILL: *One of the things that has come up, Mr. Moses, in the hearings, is that it is probably very necessary, in the long run, to disperse the ghetto. If you took 40 blocks of Harlem and moved all the families down to the Washington Market area in new housing, it would be much better housing, but you would still have a racial and economic location of homogeneous society, rather than a heterogeneous society. There would be no economic or racial integration in the Washington Market area. That is what Lew is getting at.*

His question is, is that good or bad?

MR. MOSES: Well, I understand it now. I don't have any answer to that.

In the first place, you don't prescribe exactly who will live in the Washington Market area. Naturally, you will take care of the people who must be taken care of first. I would begin, as we have in many other cases, by saying, "If you don't want to go there and you have some other place to go, we will give you so much a room." We suggested \$200 a room. You can then say, "Find a place of your own." Actually, I would make it more than that, I would go up to \$250 or even go to \$300.

In the end, you would have a certain proportion of the people living in the Washington Market area who would not previously have been resident in Harlem. But there would be only a small proportion of the total.

If you are going to try to solve every one of these problems, including integration, at the same time, you are not going to clear these slums. That is what I meant before by saying that you can get into prolonged ideological arguments. You have the pleasure of arguing, but you don't get any place.

MR. O'NEILL: Does that answer the question?

MR. DAVIS: *Yes.*

MR. DOUGLAS: *Mr. Moses, we all admire the precision with which your mind operates, and I think that has been a large part of your great success. I think you have done a marvelous job in locating where the slum areas are that need to be attacked, and which sites can be used to be built up.*

As I understand it, what you are proposing is that unused land amounting to rather large units be built on with highrise apartments that will draw population out of the slum areas, and that then the buildings in the slum areas would be razed and new highrise apartments built there?

MR. MOSES: That is exactly it, yes.

Usefulness of Small Vacant Lots

MR. DOUGLAS: *I think this moves the discussion along very well. Let me ask you this: Every American city has small plots, many small plots, of vacant land.*

Mayor Lindsay said yesterday there were many thousands of plots inside the City of New York, some on Staten Island, but not all on Staten Island, and the same thing was true of most American cities.

The census of 1961 showed 6 million vacant lots inside American cities. To what degree do you think that vest pocket parks and vest pocket housing can be put on these scattered, small plots?

MR. MOSES: I think vest pocket parks are absolutely ridiculous. We worked on them. I was head of the State Park System for 37 years, and the City Park System for 27 years.

In the City we built 750 playgrounds. People don't mention that very much. None of them were vest pocket. We never found that a vest pocket park could be managed. It is impossible to police it with ordinary policemen. Because it is so small, you cannot afford to put a man into it to watch it. The place gets wrecked, and nothing is accomplished. In a city like New York, no area is worth anything as a local playground unless it approximates three acres. That has been our experience.

My immediate successor as Park Commissioner was Newbold Morris. Newbold Morris didn't subscribe very much to this idea, but he went around looking for some places, and got into a lot of trouble.

Mr. Hoving was there less than a year, and Mr. Heckscher is there now. Where are these vest pocket parks? Where is the one that will work? You wouldn't be justified in spending money on them because you would find they were unmanageable.

MR. DOUGLAS: *Let me shift from vest pocket parks to vest pocket public housing.*

MR. MOSES: That is even worse. [Laughter.]

MR. DOUGLAS: *Why so? You think in grandiose terms, Mr. Moses, and this has its place, too. Isn't there room for a larger number of smaller units?*

MR. MOSES: Would you call 750 new playgrounds small stuff or big stuff? What would you call it?

MR. DOUGLAS: *Mr. Moses, I admire you very greatly, and I say this sincerely.*

MR. MOSES: That leaves me cold.

MR. DOUGLAS: *You have got land from Hudson and East River, and along your highways. You did a marvelous job, but what is going to happen to the vacant lots inside cities? Isn't that a wasted asset? Many of them are tax delinquent and could be taken over by the city without cost.*

MR. MOSES: If you are talking generally, that is one thing. If you are talking about New York, you are talking about the crowded part of New York. Those are valuable lands. They will be built on; they will be used. Private enterprise will take care of that. The government can

never go into that kind of thing and make it work. Mr. Heckscher today does not have the people to make the present park system work. Maintenance isn't good. There is a great deal of disorder, and insufficient policing.

MR. DOUGLAS: *That is parks, but what about housing?*

MR. MOSES: Housing is the same thing. It is uneconomical to do such a thing. We have tried it in various cases. Let me give you an illustration. We tried rehabilitating some houses for lower-paid United Nations personnel. I hate to tell you how it came out. It ran into costs that were absolutely staggering. When we finished up, they were occupied, all right, by very nice people of considerable means. No doubt the bills were paid by foreign governments. But the people for whom they were meant never got in.

First Houses in New York was one of Mrs. Roosevelt's projects, and is still there. It was an experiment and, at the time, was a good project, involving rehabilitation and building partly on vacant lots. But the costs were just out of all proportion.

MR. DOUGLAS: *So you put your dependence on large units of land, not now used, but which could be used, or land which you can create by using air rights, or what have you? That is rather than land in small units?*

MR. MOSES: Air rights are all right if they are in proper places. Some of the suggestions that are made will not work.

Triborough recently sold air rights for an apartment building.

MR. DOUGLAS: *You are proposing air rights west of Harlem along the North River. You are also proposing air rights near Hell's Kitchen. You are proposing rights taken from the warehouses in addition to large units of city-owned land, or government-owned land?*

MR. MOSES: I think there are places where you can do that. I think it requires ingenuity and study. But I think there are very few of these places and mostly these things don't yield to any kind of economic analysis.

Building over the tracks of the New York Central on the Middle West Side and the Upper West Side has been suggested over and over again. We know what the railroad wants for the rights. We know what it costs to build over tracks. We have built over tracks in various ways, but that isn't any large solution. These are isolated cases. If you could get somebody to give you a list of all these vacant spots in crowded parts of New York that could be used for housing, I would like to see it.

MR. DOUGLAS: *The Mayor says he has taken a census.*

MR. MOSES: I think you would have a hell of a time getting it.

MR. DOUGLAS: *Mr. Moses, do you think that too large a proportion of city land is locked up in streets?*

MR. MOSES: I don't know what you mean by that. You have to have streets.

MR. DOUGLAS: *Thirty percent of New York land is locked up in streets. In Los Angeles, 65 percent of the land in the central city is in streets and parking lots.*

MR. MOSES: Now, Senator, you are not going to ask me to buy all of your metaphors. What do you mean, "locked up?"

MR. DOUGLAS: *Devoted simply to non-housing purposes, and non-recreational purposes.*

MR. MOSES: Any subdivider or real estate man will tell you he has to begin a subdivision by setting aside about 25 percent of all his land for streets. He has to assume that, otherwise you can't get in and out.

MR. DOUGLAS: *Couldn't you close off some of the streets?*

MR. MOSES: For temporary playgrounds? They do that now.

MR. DOUGLAS: *Not for temporary playgrounds; for gardens in big developments, etcetera.*

MR. MOSES: Again, I would like to see what streets. Give me an illustration of a street that you would close.

MR. DOUGLAS: *Down at the Hillman Homes they have a very attractive garden between apartment houses on either side that was formerly a street. If they hadn't been able to close off the street, they would have either had no project or a solidly built project which would have very few amenities.*

MR. MOSES: I know very, very few cases of that kind. I would like to see a map, and I would like to see the names of the streets, and what the effect would be on the adjacent properties. You may also have to be prepared to spend the rest of your life litigating these things.

MR. DOUGLAS: *The city owns this land. It could cede its title.*

MR. MOSES: This is a street that the City could close without consequential damage?

MR. DOUGLAS: *Yes.*

MR. MOSES: I would like to know where.

MR. DOUGLAS: *Every university in the country, where the campus has been newly constructed, has been given the right by the city to close off streets. The contribution of cities to those campuses is very large. It is true in my own city, and I think it is true of a number of campuses around here.*

MR. MOSES: Where a street is mapped on the official map, under the City Charter, you have an awful time closing it for any purpose. People come in and they object, for one reason or another, and they have legal rights to keep it open.

Some streets are so small, so narrow, so contemptible, that they are not put on the city map, but they are there, just the same. I am thinking of in the middle of Jamaica Bay, for example. I don't think you would get anywhere on that theory. But I would like to see a map that shows what streets somebody wants to close. Where are they?

MR. DOUGLAS: *I don't wish to prolong this discussion, but whenever you get a large-scale development of 30 acres, if you have that chopped by north and south and east and west streets, you are going to waste a lot of land. I will be just as dogmatic as you are.*

MR. MOSES: Our difficulty has been encountered in creating new arteries that will carry cars and trucks and buses, and link up the new streets. New streets have to be provided by the cooperatives in Co-op City, for example. In the case of the Jamaica Bay Racetrack, there were

no streets. They were put in there and they occupied about 25 percent of all of the land.

MR. DOUGLAS: *Thank you very much. I admire you very much, but I wish you weren't quite as much in love with the automobile.*

MR. O'NEILL: We thank you and are deeply grateful for your eloquent testimony this morning.

MR. MOSES: I am glad to have been here.

MR. O'NEILL: We will hear three statements from three witnesses right in order, without a question period in between. The first is Borough President Herman Badillo.

I would like to point out to these three witnesses here, and to all those who wish to speak, that you can submit written statements instead of giving all of your statement orally. It becomes as much a part of the record as any oral statement; so that, in the interests of brevity, don't worry about your thoughts and ideas being lost to the record, because they will be there just as strongly if they are submitted in written form and not given orally.

Our next witness is the Borough President of the Bronx, Mr. Herman Badillo, who has a degree of law from Brooklyn Law School, and went to CCNY. President Badillo is well-known in New York City politics. He is a very young man; he was only born in 1929. But he is an illustrious Borough President of this City.

STATEMENT BY HERMAN BADILLO

MR. BADILLO: Thank you very much. I regret that I don't have a written statement for the Commission, but I just came last night from Albany, where I am a Delegate to the Constitutional Convention, and Chairman of the Committee on Housing, Health, Social Services and Poverty.

I would like to give you just a little bit of my background. I am a lawyer and certified public accountant. I have been for over three and a half years Commissioner of Relocation for the City of New York. I was a member of the Mayor's Housing Legislative Committee, and now, as has been said, I am Borough President of the Bronx.

Of course, my knowledge of the urban problems, and particularly the problems of poverty, is not limited to my official capacity. I was born in Puerto Rico. I came here when I was about 12 years old. I did not know then how to speak English, and I lived in the slums of New York City. I also lived in the slums of Puerto Rico, and so I am very familiar with what it is like on a personal basis.

I have been, for the past few months, trying to develop a mechanism in the Constitution in the State of New York, which will give the State and all of the local governments the necessary flexibility to address itself to the problems of the core city. This is what I would like to discuss now.

We have had, in my committee in Albany, public hearings throughout the State, and the 27 members who make up the committee come from throughout the State, as do the 186 delegates. But I will in speaking limit myself to New York City, which I know with particularity.

I want to point out that at the convention we have practically finished every article except the one involving housing, health, social services, and poverty, on which we are presently deadlocked. This deadlock by the convention reflects the state of our society, which is deadlocked, too, not because it doesn't know the solutions, but because the men and women who are involved are incapable of coming to an agreement on how best to proceed. And so, if you have any suggestions, I would appreciate hearing from you, also. I didn't come here just to offer mine.

Government Aid Essential for Community Development

I find that the basic problem, in the question of housing — and I am going to limit myself, really, to housing, because of the time limitations — in New York City, is the fact that because of the cost of land, the cost of construction, the cost of money, and the cost of taxes — the four main factors which make up the total rental on any building — it is impossible for any builder in the City of New York to build low-income housing, or even build middle-income housing without the aid of Government.

This is the fundamental factor that has to be understood. It is not that private enterprise is not interested; it is not that private enterprise has walked away. It is simply that private enterprise cannot do it, because you don't have to be a certified public accountant to figure out the arithmetic. When you add up the four factors, you do find that no builder can build. We have the same problem when Government tries to do it. I understand Mayor Lindsay testified yesterday.

One of the problems is the limits that are placed on public housing — the \$20,000 limit for an apartment for low-income housing. This problem arises because the arithmetic works out in such a way that we cannot build low-income housing, or middle-income housing, for that figure. Therefore, it is essential, if we are going to devise a mechanism whereby housing can be built and rehabilitated, to provide the necessary governmental subsidies to do this.

I am sure you have heard it, but you know, of course, that in the City of New York there are 43,000 old-law tenement buildings that were, in effect, condemned in 1901. They are still in existence, and they house, now, approximately 1 million people. There are approximately 40,000 other buildings which were built subsequent to 1901, which also need to be demolished or rehabilitated.

The amount of money that is available now is infinitesimal, because whether it is the programs that Mayor Lindsay mentioned that are being carried out, or the one that Borough President Percy Sutton talked about, they only deal with one small area of the City.

For example, the largest program we have going on is the West Side Urban Renewal Area, which covers a 20-block area. That cost approximately \$200 million, but it is only 20 blocks.

We have to do well over 20 blocks; we have to do well over 2,000 blocks.

You can get an idea of why, when we speak of housing, we're talking about billions and billions of dollars and not millions.

One of the first problems, from the point of view of the Federal Government, is that because New York City is limited to approximately 10 percent of any Federal bill, we never can get enough money to do anything meaningful in New York City.

When the President first proposed the Demonstration Cities Program, it was said that approximately \$2.5 billion would be provided, and a lot of people in New York City felt very hopeful, until we began to divide. We realize the program is, first of all, a six-year program. That brought it down to \$600 million a year. Then, because of the fact that New York City can only get 10 percent, it means \$60 million. Well, \$60 million only covers one block in New York City. You can't demonstrate anything on a one-block basis. You certainly cannot have a Model Cities or Demonstration Cities Program.

Therefore, I felt — and we have felt in my committee — that what we had to do was, first of all, to provide a mechanism whereby private enterprise would be liberated to go in and do the work on a mass basis. We have provided in the section that is now pending before the Constitution Convention an article which allows state and local governments to make grants and loans to persons, associations or corporations for a public purpose involving community development.

There is a very important change, here. We are no longer talking about the question of housing.

One of the other mistakes that the Federal Government, the states and the cities have made, is that the programs talk only about housing. Housing does not, by itself, make for a total community.

We need to have the flexibility to provide candy stores at the bottom of housing projects, for example; to provide for libraries, community centers, for health centers, for parks; in other words, for a total community.

That is why this proposed article is called a Community Development Article. The definition involves all of the things that make for a total community, including economic development — that is, industrial development — job development, and all of the things that you would have if you had a total community.

The article as proposed has been designed this way because we now have low-income housing, middle-income housing, and rent subsidies and rehabilitation and Model Cities, and we don't know what the next program is going to be called. Five years from now, therefore, in the Constitution, we are saying we are having the broadest possible definition of a total community, so that any program that might be developed would then be able to fit into that definition.

I think this is one of the things we would recommend. It is one of the strongest recommendations I can make: that in any kind of program that is designed, the moneys provided not be limited to housing, because it is just not going to work. You will just be building solid ghettos with no facilities.

If you tour Manhattan, for example, you go from 112th Street to 115th Street, from First Avenue all the way over to Lenox Avenue, and all that you see is row after row of low-income housing projects. A kid can grow up there and see nothing but low-income people, and see nothing but highrise buildings. This is not because anyone was trying to create another ghetto. It is because under the laws that were in existence at that time you couldn't even put a candy store on the first floor of a housing project, because the Federal laws were so designed.

We would ask you to recommend to the President that we drop the words "mere housing" and talk about a community, if we are going to have a meaningful program. Also, to answer the question asked of Mr. Moses about the problem of relocation, of course we have to build relocation facilities in other areas. For example, last year I supported Mayor Lindsay's program to build low-income housing, vest-pocket housing, in middle-income areas.

But one of the other problems is that if all you can do is go in and build a low-income housing project, the community complains, and properly, that you are not providing for the schools, you are not providing for the other facilities. A community which in the beginning did not have adequate facilities gets more people without additional facilities.

If we are going to be successful in relocating people out of the ghetto into middle-income areas, we have to be able to offer to the other community, community resources as well as low-income people. Otherwise the program cannot be successful.

I want to say that one of the reasons that the answer is to provide private enterprise with the necessary flexibility is that I don't think that any commissioner of housing, even Mr. Moses, would be able to process the necessary amount of housing units through his office that are required in a city like New York.

Under the present system, the bureaucracy is such that no commissioner — and I have been Commissioner of Relocation, as I said, for almost four years — can take care of all the work that is required. By definition, it becomes a funnel, which eventually ends up with a board and one man, and it limits the amount of housing units that can be processed, whether it is for new construction or for rehabilitation.

This is why we are approaching it through community development, where, instead of everything being processed, we would have incentives that private enterprise could take advantage of and then proceed to do its work by itself.

Up in Albany we have agreed, Republicans and Democrats alike, on the need for a community development article, which we need more than housing. We agreed on the words that should be used. We

have agreed on the exceptions from grants and loans to be made to individuals, associations, and corporations. But what we have not agreed on, and what we are deadlocked on, is the financing aspect of it.

The fact that all of this beautiful article in the State Constitution would have absolutely no meaning if we maintain in the State Constitution the present requirement for referendum before any funds can be appropriated, is significant, because the history of New York State for the past few years indicate that every time there is a housing referendum put before the voters, it is defeated.

The reason we are deadlocked is because I feel that I could not, with all honesty, get up before the people and say that this is the article that is going to represent their salvation, and at the same time tell them we're going to have a referendum, because it would mean the article would not be approved, and it would be just words, since the people would not approve the necessary funds to implement this.

This, I think, is the heart of the matter, that the delegates who disagree with me are not being insincere with me, but they are representing the point of view of their communities.

Cost Is the Roadblock

The fact is that the majority of the people in this city and in the State and in the Nation do not want to support the cost that is required to solve this problem.

It is not that we do not have the solution. It is not that we cannot agree upon the wording, either in the Constitution or in the laws. It is that we cannot agree on the financing, and we cannot get people to approve the cost, even on the limited basis.

Perhaps this is the function that you may be able to help with until we can convince the majority of the people that when we talk of community development, we are not merely talking about the ghetto community, but we are talking about the entire community in this State — because if you don't address yourself to the problems of the ghetto community, there will be no total community. When I talk of community development, I mean that we need the support of the total community. Until we can get that, we will continue to be as we are at the Convention — deadlocked. Thank you very much.

MR. O'NEILL: Thank you very much, Borough President Badillo.

Our next speaker will be the Honorable Edna Kelly, Congresswoman from the 12th District in Brooklyn.

MR. BADILLO: I have to leave at this point.

MR. O'NEILL: Does anyone have any questions of Borough President Badillo?

MR. BAKER: *Did I understand you to say that there is a conflict in the Federal funding regulations with local zoning regulations, local zoning ordinances, which does not permit you to construct or reconstruct the small businesses in conjunction with the housing development that have been replaced?*

MR. BADILLO: No, the conflict is not with the local housing ordinances. The conflict is within the Federal law itself, that up to very recently you could not rent out a portion of the low-income project to what they call private enterprise, such as a little candy store owner, because it was prohibited.

To give you one example, in this project I spoke of, up on 115th Street, the City, with Federal aid, built a beautiful community center. That center was empty, night after night. A lot of teenagers are in the area, but they wouldn't go there because there were no facilities available. I tried to get a corporation to provide a juke box and sodas, like a candy store, but it couldn't be approved because it was forbidden under Federal regulations, since it was supposed to be a low-income housing project, and could not be rented to a profit-making business.

MR. O'NEILL: Are there any other questions? If not, then we will go to the next witness. Thank you very much, Mr. Badillo. We will hear next from Congresswoman Edna Kelly.

STATEMENT BY CONGRESSWOMAN EDNA KELLY

REP. KELLY: Mr. Chairman and members of the Commission: I welcome the opportunity to participate in today's hearings of the National Commission on Urban Problems. Your task is a difficult assignment — to look into the local issues affecting the cities of the United States.

Mr. Chairman, you stated in your release of August 31, "We are trying to break the log jam of inertia, inappropriate taxation, outdated zoning laws and building codes, and discrimination which have prevented us from making our cities more livable. We are seeing workable ideas from all sources — government, labor, business, education, civic organization — on what is required to overcome these obstacles to create decent low-cost housing and good neighborhoods for all Americans."

You have been listening to expert witnesses testify on issues involving the problems of our cities — problems which have caused devastating inroads on the lives of city dwellers and the tranquility of urban society.

I do not propose to agree or disagree with the points presented, or with prior witnesses' suggested "workable ideas." Consideration and appraisal of all of these proposals is your difficult task.

In my capacity, I offer my assistance, my office and my personal knowledge in any manner you might consider helpful.

As you know, I appear today as a Member of Congress, having the honor of representing the 12th Congressional District, the most populous Congressional District in the State of New York, which is located in the most populous Borough of the City of New York — Brooklyn.

Based upon only the 1960 census, and that may be understated, more than 2,600,000 people reside in the Borough of Brooklyn. It is separated from the other boroughs of the City of New York by seven

bridges and a tunnel. At one time it was a city unto itself. While Brooklyn is now a part of the City of New York, its problems are as extensive or more so, than those of many of our larger cities. Brooklyn is unique, as is each of the boroughs of the City of New York. While there are common threads, as witnesses have mentioned, each borough requires individual attention, as their problems are different, due to natural barriers which separate the boroughs of the City of New York.

We are all aware that our cities are facing, perhaps, the greatest challenge of this era. We know that every facet of urban living is on the move. This momentum has a formidable bearing on the city dweller — economically, socially, politically and psychologically. I believe this leads to the "log jam of inertia" to which you referred in your release of August 31.

How can we try to break this log jam? Mr. Chairman, my answer is, action! Action on our part — the city dweller. There must be a return to the positive feeling of love, of pride and respect for the community and the city in which we live. It is self-help on the part of individuals, and self-determination which could make this City even more livable than it formerly was. No government nor any amount of money can do the job, alone. What is needed is a combination of all forces in the community: business, industry, the professionals and religious and civic organizations. All must work together for progress — to correct the errors of the past — with mutual trust of each other.

We are all aware of the broad background of the problems this Commission has earmarked. Many of them, such as outdated zoning laws and building codes, fall within the scope of local city governments. To these I add many of more urgent nature. They are: taxation problems, discrimination, housing, employment, education, crime and exodus of the middle-income group from cities.

In addressing myself briefly to these issues I realize, Mr. Chairman, that you are an economist, and I take a deep breath before mentioning this first item.

Taxation, Discrimination: Two Problems for Action

I submit for your consideration that a complete study of taxation and taxing powers of all levels of government must be undertaken. This should include taxation from the Federal level down to the smallest unit of local government. In some instances the burdens of taxation on businesses and individuals have become oppressive. For example, certain taxes which are essential to produce required revenue for the City of New York are causing an exodus of business and of the middle-income group from the City. Without this group no community can survive. I am as sure as we are here today that if the exodus of business and middle-income people is not halted in New York — New York will soon lose its position as the business center of the world.

The second issue to which I refer is discrimination. The Federal Government has acted to help to restore and insure the inherent rights

of all persons. Both federally and locally, laws have been enacted to prohibit discrimination on all fronts. These are matters of public record. I submit, however, that it is the duty of government to enforce these laws, of people to accept these laws, and those affected to measure up to their responsibilities. Congress has taken many actions on urban problems. It has created a Cabinet post of Secretary of Urban Affairs. It has enacted the Poverty Program and has provided for a small number of new, low-income housing units. There is, however, much more Congress must do to measure up to its responsibility to the commonweal.

There are many excellent bills in Congress concerning urban problems which await action. I have introduced many of these, along with my colleagues. I trust the Commission will review them and make carefully selected recommendations on them in its report.

My colleague, Senator Robert Kennedy, testified before you on Wednesday and addressed his remarks to these bills. I agree that passage of them would be a substantial step towards our objectives. These bills, which I have also introduced, would provide incentives for the creation by private industry of additional employment opportunities for residents of urban poverty areas and would provide new, low-income housing by creating a mechanism by which private enterprise can and will build and rehabilitate large numbers of low-cost housing units in urban poverty areas.

It is obvious to me, as I believe it is to many others, that while much valuable legislation is pending in Congress, the Federal Government may find it difficult at this time to provide the enormous sums of money required to achieve the goal of constructing sufficient low-income housing. Other ways and means must be found at this time to achieve this necessary goal.

Business is now ready to take its place in the social mission of government. It now has a little better recognition of the function of profit than it formerly did.

One of the best methods of breaking the log jam is, as I see it, to devise means of eliminating the problems which have kept private enterprise out of the low-cost housing field. Basically, these problems are two in number. They are, the high cost of constructing low-income housing, and the high cost of maintaining the same, due to prevailing interest rates, taxes, vandalism and virtual destruction of many properties by those who occupy the same.

Loans for Co-ops for Low-Income Purchasers

I am not an expert in the field of housing, but I submit that in addition to the legislation I have referred to, a cooperative program can be developed whereby private enterprise could construct low-income dwelling units for sale on a cooperative basis. I envision a program providing for federally guaranteed low-interest, long-term mortgages under which the Federal Government would contribute the differential

between the interest rate paid by the borrower and the going rate of interest. I further envision cities granting tax reductions or tax abatements on these properties. Combined with these suggestions, I further propose that in connection with these properties, the Federal Government institute a program whereby a low-income purchaser could negotiate a federally guaranteed low-interest, long-term loan to help pay a large part of the cost of purchasing the cooperative housing unit.

By this method, private enterprise would find it feasible to construct low-cost housing. Normal banking and financial channels could be utilized to provide the necessary financing.

Perhaps most important, low-income families would, through ownership, develop pride which would guarantee the preservation and proper maintenance of these properties. In this regard, I am convinced that the greatest majority of low-income families are hard-working, decent people who, if given the opportunity to live decently, will justify our confidence.

I wish to make one further observation concerning the problems faced by this Commission. I believe that this Commission should not only concern itself with existing housing problems, but that it must also give consideration to developing ways and means of preventing existing housing from deteriorating to slum-like conditions.

I have in mind what has happened, for example, in the Bedford-Stuyvesant section of Brooklyn, part of which is within my Congressional District. Several years ago there were few areas of substandard housing in the Bedford-Stuyvesant area. As a result, this area was completely overlooked by the city planners. Priority was given to bulldozing already deteriorated areas and constructing, in their place, high-rise apartment buildings. Bedford-Stuyvesant, a transitional neighborhood, was left untouched and rapidly deteriorated so that vast numbers of its present housing accommodations are now substandard. In this regard, I urge that serious consideration be given to such problems as code enforcement, vest-pocket construction, and rehabilitation of existing housing accommodations. Preventing deterioration of housing, along with selective construction of new units are steps that are necessary.

The problems faced are difficult and long-existing prejudices must be conquered.

It is my hope that this Commission's recommendations will serve as a blueprint for the future — for a great part of our future is bound up in our ability to solve the problems of our cities and urban areas.

MR. O'NEILL: Thank you very much. Before we proceed with questions by the Commission, we will next hear from Mr. Neal Hardy, who is currently Deputy Administrator for Rehabilitation in New York City's Rent and Rehabilitation Administration.¹

¹On December 1, 1967, appointed Deputy Commissioner for Rehabilitation in the New York Department of Development, Housing and Development Administration. Served as Commissioner, Federal Housing Administration, under President John F. Kennedy. Earlier, Assistant Executive Vice President, National Association of Home Builders and Director of NAHB's National Housing Center; ten years' service with Federal government in housing field.

MR. HARDY: Thank you very much. It is a real privilege for me to be here and discuss with you an experimental rehabilitation program that the City of New York has undertaken.

The genesis for this particular experimental activity originated in the Rent Administration when it was headed by Mrs. Hortense Gabel. She wanted to undertake a type of demonstration or experimental project which would determine, hopefully, that it is possible without the involuntary dislocation of current residents in the slum neighborhoods, to rehabilitate existing structures and provide a decent environment on a neighborhood basis. This, at the time, was — and I suppose in many quarters may still be — a somewhat controversial objective to undertake. There are many who say that the type of buildings themselves, which as Borough President Badillo told you, were in effect outlawed in 1901, are not worth preserving.

If I could develop any kind of an alternative solution, I think I would agree with this position, because these are structures which even after rehabilitation are still, in the main, five-story walkups, with inadequate light and air. The density is excessively high in terms of ground coverage, and so forth.

On the other hand, as the Borough President also told you, we have 43,000 of these structures in the City of New York. There are 1 million people living in them, and I, for one, think it is well worth experimenting, at least on a limited basis, to see whether it isn't possible to avoid what to me at the moment appears to be the only alternative — the sentencing of another couple of generations of slum families and their children to living in outrageous conditions.

Rehab Record in New York City

The first of the projects which was undertaken under this experimental program is one that the Commission visited the day before yesterday on West 114th Street, between Seventh and Eighth Avenues.

Let me just briefly describe what was involved in that particular project. A private foundation acquired 37 buildings on this long block at an average cost of \$1,750 per dwelling unit. Over half of the buildings have now been rehabilitated into livable apartments which are not comparable to new construction, but are vastly superior to the decayed and run-down tenements which they were just two short years ago.

From that beginning there are now seven or eight additional projects in different parts of the City, which I would like briefly to run down for you, to give you some idea of the dimensions of this particular experiment. In all, they involve something in the neighborhood of 1,500 units, which in one way or another are in the process of being rehabilitated in specific neighborhoods throughout the City.

Perhaps the most interesting experience to me, at least, which has come out of this series of experiments, is the activity of the United

States Gypsum Company on East 102nd Street and East 103rd Street. As people from the United States Gypsum would tell you, their interest in entering an experimental rehabilitation activity in New York was based primarily on seeing whether it was economically feasible to redo these buildings and provide a market for the products of that particular company.

They purchased the first building with their own money, and rehabilitated it completely with their own capital. They did this in order not to have to become involved with governmental agencies, private financing, or anything of this sort, and to do their own very careful cost accounting in terms of what they undertook to do.

They were sufficiently pleased with the results of the first building that they bought up the entire block on 102nd Street. From there, they went to 103rd Street and purchased that entire block, and are now engaged in another project in the Harlem Triangle. This project will involve another 11 buildings up there. Actually, I received a call just yesterday from Chicago, where they have asked me to find other locations in the city to which they could expand.

One of the most interesting aspects of the way in which United States Gypsum has evolved its activities in this field is that they were quickly put in contact with a locally based community organization in this part of East Harlem which had set up a private, nonprofit corporation with the intention of acquiring and managing rehabilitated structures in their neighborhood. It is a locally based organization composed of a settlement house, a Catholic church, a Chicago-based private philanthropic foundation, and a Protestant church.

As things have worked out, the officials of the U. S. Gypsum in charge of this project, their architect, and the builders sit down with representatives of the community organization which will become the ultimate owner of the project, to discuss such things as the rearrangement of apartments in terms of numbers of bedrooms which will meet the needs of their own community, costs, and rent levels, which are predetermined before work proceeds. But from that point on, the U. S. Gypsum Company or its subsidiary organizes, acquires title to the buildings, pays all of the seed money expenses in connection with architectural drawings, engineering studies, feasibility reports and whatever, and obtains FHA financing, but only for financing which lasts until such time as the buildings are completed, at which time they are transferred to the locally based, nonprofit sponsor.

This avoids putting U. S. Gypsum in the position of becoming a permanent landlord, which they have no real desire to do. Secondly, it has the very real advantage, in terms of giving a locally based community, nonprofit sponsor a real voice as a client in terms of what it is they would like to have in the finished product, but not putting it through the tortures and agonies of becoming experts in the processing of an application through FHA, dealing with architects directly on every detail, or having to find the seed money to take care of paying for initial expenses.

In other words, it is strictly a builder-seller-client type relationship,

which I think to a very happy degree introduces the expertise of business people in terms of the business end of the operation, but leaves the nonprofit, locally based sponsor as the continuing owner and manager of the project.

A very similar and highly interesting project is taking place in the Park Slope area of Brooklyn. In this case the structures happen to be brownstones. Unlike old-law tenements, these brownstone structures lend themselves to the type of rehabilitation which hopefully — I think I can say this with assurance at this point — will result in high quality, completely up-to-standard amenities in terms of the type of apartment units which will be developed.

The cost will be somewhat higher, but I think probably in the long run well worth it, and with the aid of rent supplements, again the rehabilitation can be done for the benefit of the people residing in the neighborhood.

This one is being sponsored, in fact, by the same private foundation which has undertaken the project on 114th Street.

There are similar projects in what we call the upper Park Avenue area, which is Park Avenue at 117th and 118th Street. There is a substantial project being sponsored by a settlement house in the Bronx. In addition, although it is in the very initial stages at this point, there will undoubtedly be a substantial rehabilitation project, probably involving a high level of home ownership, in the Bedford-Stuyvesant area of Brooklyn. I was meeting with the FHA just yesterday on that particular project.

Now if I may, just briefly, I would like to discuss what are some of the lessons we learned from this experience to date, because it has been a learning process from the very beginning. I make no pretense that we have learned all the lessons we probably should have, or hopefully will before this is completed.

Certainly, one thing which seems to me stands out very clearly, is that as projects of this sort, whether they be in the field of rehabilitation or new construction, as a matter of fact, are programmed through the neighborhoods in a city like New York, it becomes extremely difficult, if they are to be done under nonprofit sponsorship, to find the expertise and initial seed money investment needed by a long list of well-motivated sponsors. Such sponsors are completely inexperienced in the complex task of putting a project together; that is, proving the economic feasibility of sites and buildings, assembling the properties, engaging architects to do preliminary work, and arranging for the mortgage financing. In point of actual fact, even after having gone through this process, it probably will have been an experience which will never be repeated by that particular locally based nonprofit sponsor.

A Quasi-Public Development Corporation

I would therefore like to expand, if we can, the experience the United States Gypsum Company has had in providing for a quasi-

public development corporation, if you will, which could be adequately funded to provide this as a client service, so to speak, to non-profit sponsors throughout the city.

The clients would have, certainly, direct participation in terms of those considerations which are most meaningful to them — that is, rent levels, size of units, community amenities which ought to accompany the housing project. A development corporation could do this for them, conserving both expertise and using a small revolving fund to take care of seed money advances. I am sure it would prove to be a much more efficient and effective way of carrying out this type of activity.

Rent Supplements Vital

Another problem which I suggest here which we have found a real difficulty is the absolute necessity of an adequate rent supplement program, even in these relatively modest projects, if the rents of these neighborhoods are to be such as to allow the tenants to continue to live there.

In each of the more than dozen communities which we have surveyed very carefully, we find that there is a certain percentage of families now living there, particularly elderly people on Social Security or small pensions, who in point of real fact cannot afford to pay the rents they are paying now in deteriorated, rundown flats, without rent supplements. I see no real future without this kind of program throughout the slum areas of this city, or any other city, for that matter.

For New York City, if I may be parochial for a moment, in connection with it, we have one real difficulty with the rent supplement program as well; that is, that the income ceilings for eligibility to receive rent supplements are, in fact, considerably lower than they are for admission to public housing in the City.

This seems to me an anomaly which should be corrected. If the rent supplement program, as I understand it, Senator Douglas, was intended to meet the same housing requirements of the same economic groups who are eligible for public housing, I honestly cannot understand why it isn't possible for Washington to accept the income ceilings set by a city, so they are directly comparable with the public housing limits which prevail.

This way, we are in the anomalous situation of having families who might prefer to stay in their own neighborhoods in a rehabilitated structure, who are eligible for public housing, but whose income is too high to receive rent supplements — which doesn't make common sense.

I can never conclude a discussion on rehabilitation without making this one caveat. I do not propose, nor would I like it understood, that the type of experimental work we are doing represents a sole solution to the problems of slum neighborhoods. I couldn't have spent all my adult life in housing and come to that kind of conclusion.

I think it is a necessary complementary tool. I would hope that as we proceed we can place primary emphasis on a planned neighborhood concept. Projects much larger than any we are at present undertaking could be done with a combination of both rehabilitation and new construction in an orderly, planned way, which would result in a neighborhood in which structures worth saving have been saved, and those not worth saving would have been destroyed. And you would have created an upgraded neighborhood with minimal or no displacement of the families who choose to continue to reside there. Thank you very much.

MR. O'NEILL: Thank you very much. We will now have questions from the Commission.

QUESTIONS BY COMMISSION MEMBERS

MR. RAVITCH: *First, Mr. Chairman, I would like to comment about the privilege I have had of being involved in these experiments. I can say but for Mr. Hardy none of them would have gotten off the ground.*

Mr. Hardy, I would like to pursue, for a minute or two if I may with you, the question of the former ownership of these projects.

Is it fair to say that a nonprofit owner, as distinct from a limited profit form of ownership, doesn't change the basic economics from the point of view of the tenants? I am talking only of the question of dollars, for the moment.

MR. HARDY: No, theoretically, limited profit sponsorship should be able to produce the same kind of a rent scale project as a nonprofit sponsor.

MR. RAVITCH: *The only difference being the 6 percent return on the 10 percent equity, which is about 4½ percent debt service?*

MR. HARDY: Yes, a very modest charge.

MR. RAVITCH: *What do you foresee, in terms of the available relief in the event the operating costs of these projects — that is, the operating maintenance costs of these projects, and the debt service — exceed the rent roll within a relatively short period of time after initial occupancy? What relief is available for the foundation?*

MR. HARDY: The only relief that would be available under the present state of affairs would be an increase in the rent roll or an increase in the rent supplement allowances made to the rent supplement tenants.

MR. RAVITCH: *In view of the fact that despite all the subsidies we have a terrible burden in even meeting the pocketbooks of the people that we're trying to serve in the first instance, is it logical to assume that additional subsidies would be forthcoming to meet this additional cost?*

MR. HARDY: I would not be at all surprised if that turned out to be the only practical answer to it. You can proceed with speculation on the rising economic and earning capacity of the tenants in the particular projects. But whether this will go at a pace which is equal to

potential increases in operating expenses, taxes, or whatever, is problematical.

MR. RAVITCH: *I believe the FHA recognized this problem in their regulations after the program got under way — that of providing the working capital to cover contingencies — and so this could be covered by the mortgage as well.*

MR. HARDY: That is correct.

No Working Capital from Nonprofit Sponsors

MR. RAVITCH: *I understand there is now considerable discussion in Washington about imposing a requirement that a nonprofit group put up at least 5 percent in escrow of the face amount of the mortgage as a working capital fund. Would you care to comment on whether you think this is a wise decision or not?*

MR. HARDY: It is true that language to this effect apparently is in the report of the Appropriations Committee of the Senate.

I can comment on it accurately only in terms of my experience with the nonprofit sponsors with whom we have worked in New York, who, except for a couple of private foundations, have for the most part been truly community-based organizations, with a lot of competence and frequently tied in with an ongoing substantial church organization, an association of churches, or what-not. But the one thing which became evident from the outset, in every single case, was that there was no possibility of organizations of this sort putting up anything like 5 percent in the way of an equity investment.

If this particular provision should stand, I will say that we will have no more projects in the City of New York under that kind of sponsorship. I think this would be a shame, because there is a great deal of merit in terms of the inherent strengths which are being shown by some of the locally based nonprofit sponsors acting in concert with a church organization, let us say, with a history of continuity.

I would hate to lose this.

MR. RAVITCH: *I have one last question. I share your view that the participation of the people in the community is often the key. Do you think there is any merit in the suggestion — which I think we have all heard fairly often — that perhaps a new type of management institution, either totally governmental, or perhaps quasi-governmental, could be inserted as the operating agency, with the community organization still, in effect, controlling the major decisions? Do you think there is any merit in this?*

MR. HARDY: I think there is a great deal of merit in this. Just as you need to bring in a certain basic business sense into the production of a project, be it new or rehabilitated, I think there is a very real role for a professional management organization which could handle, on behalf of a number of nonprofit sponsors or clients, the actual day-to-day business of rent collections, supervision of maintenance and that sort of thing. I would be all for experimenting with this.

MR. RAVITCH: *Thank you very much.*

Tax Abatement: Revenue Loss

MR. BAKER: *Mrs. Kelly, in your comments you indicated that there is a need for revision of the tax laws through all levels of Government, and you stated in your statement that many industries and businesses are relocated outside of the high tax areas of New York City.*

This, I suspect, holds true in many of the major cities throughout our Nation. Further, in your statement you indicate that there should be, in order to increase the incentive of private industry to invest in low-cost housing, a tax abatement or tax consideration.

Since most governments at the local level — that is states and cities and counties — rely almost entirely on taxation for their subsistence and for their management, this, then, would create a reduction in the revenue to that city, while at the same time the city realizes an increase in operation costs. How would you justify such an action?

MRS. KELLY: I think we have to review the background of taxation. The 16th Amendment gave the Federal Government the right to establish an income tax base. That was many years ago. Since then the problems of the cities and states have become enormous and have resulted in our vast tri-partite tax structure.

The relationship of the City of New York to the State of New York is the same as the State of New York to the Federal Government. We all know, I believe, the amount of money in revenue taken from the State of New York in 1966 was around \$23 billion for that year. I also believe that the money returned in all forms of accrued manner and purpose was in the vicinity of \$10 billion.

We all are aware that there is no law that tells the Federal Government how much it must return to the state, or how much the state must give to the city. Therefore, this refund, as I would prefer calling it, is a difficult problem.

I think that is where the issue rests. We in the City of New York and in the State of New York have too many taxes and are forced into revenue-raising measures which force industry to move out.

The Federal interest equalization tax was necessary but it has caused many brokerage firms to operate through their membership firms outside the country. This is one of the things that has been brought to my attention. I approve of the equalization tax, for the simple reason that it was found necessary to stop the outflow of gold to other sections of the world.

We have to review this entire system right down to the local unit to insure that the proper degree of revenue is returned to the local area.

I believe that a percentage of taxation could be withheld by the state in preference to a refund, and this continual argument — whether the city has to go to the state for more refund of aid, or the state has to go to the Federal Government.

In answer to the question of abatement, we have to consider the amount of money involved as it affects the improvement of the people in these housing units. With new housing, they will be happier and will be improving their employment. This, no one mentioned. A pro-

gram such as this would move more employment into a situation where it is available to the people that we also are endeavoring to get into better housing. The money that would accrue from these people by their being employed, and interested in the care of their properties, I feel, would result in a better city and a better standard of living, which would increase business coming to the city.

We would not have the great challenge we have been worried about in the past. I think this is the issue at stake.

MR. BAKER: *What you are saying is that there should be a return of Federal funds totally without strings, without any conditions, which the city would be able to use for the operation of the city internally?*

MRS. KELLY: No. I am not saying without conditions, sir. I don't mean that. But in the reappraisal of the whole tax situation, something has to be done whereby a greater amount can be returned to those areas of need.

I think that is where the problem in New York State has gotten to, and the problem of the city has gotten to. The revenue is leaving the city. The costs are going up. This is where the differential is becoming clearer.

MR. BAKER: *Abatement of taxes, which is usually the sole source of revenue of the city, would mean a loss. This equivalent revenue would be lost, unless there is some other means of providing those funds upon which the city may operate. Isn't that true?*

MRS. KELLY: To a large degree that is true. But I feel that the main tax is on the working people in the city, or the people who bring business to the city and live in it. Abatement would tend to improve the situation.

MR. BAKER: *This may hold true in New York, but there are many places in the Nation in which this would not.*

MRS. KELLY: I agree that New York is unique, and I am not saying this would work other than in New York. I am just throwing out the idea that I feel and know that Congress is studying, and my colleagues now are completely considering this situation on many levels.

MR. BAKER: *My second question deals with low-cost Federal funding. As we look over the last 30 years, the medical community of America has placed a dollar sign above their Hippocratic oath, and as a result we have evolved Federal medical care or medical aid programs. Comparing this with the lending institutions, they also, perhaps, are placing a dollar sign above their responsibilities to their local community.*

Are there any bills presently before the House or the Senate, or do you foresee any bills that would be introduced, that would allow or require, or by some other means enable, private lending institutions to provide low-interest funding for low-cost housing?

MRS. KELLY: I don't think there is any question about the bills that are introduced at present being considered by the Committee on this very subject. I know we are going to get a limited housing bill. I feel sure of it.

But as far as the lending institutions are concerned, we lend money

and give foreign aid, and the differential is paid. I don't see why it couldn't be done on the domestic front.

MR. BAKER: *I could not agree with you more heartily. We spend a great deal of money elsewhere, and very little within the boundaries of our own Nation. This is where our greatest problem lies.*

I want to assure you we have no intention of placing you on the hot seat.

MR. FEINBERG: *Congresswoman Kelly, I agree with you and the context of your testimony. I was wondering whether or not, in view of what you have just stated to Mr. Baker, what your opinion and what your feeling is in respect to this situation:*

Forgetting the arithmetical and proportionate formulas of the revenue that is derived by the Federal Government through the Federal taxes levied on cities and through the channels of state government — regardless of the formula, and bearing in mind, as I think we will admit, that the greatest concentration of our population is within the urban areas of the country — do you subscribe to the theory that the Federal Government should put its best foot forward in programs to provide the necessary moneys required to do the many things that the cities need — not only in housing, but in normal economic life, as was suggested by, for instance, Mayor Lindsay yesterday, when he said that his greatest need was meeting the problems within the city, because the cities obviously cannot carry on their own responsibilities by themselves. They don't have the money.

This is in terms of their operating processes. Do you subscribe to that theory?

MRS. KELLY: I am very happy that you brought that issue up, because the Mayor was a colleague of mine in Washington for many years, and he had the office next to mine for the entire time he was there.

We had many discussions. I agree on all Federal issues that when the local area or government cannot do the job, the Federal Government has to pick it up. But the question is, to what degree? There is a problem involved in to what degree we can help, and how much we can help from the Federal level.

But I do feel that New York State, to a degree, has been short-changed. Similarly, I contend the City of New York has been short-changed as far as the State of New York is concerned.

On all of these programs I feel we have to put our best foot forward with the leaders of the world. We are being looked on by everyone in the world. Unless we do this job in the cities, something drastic is going to take place.

I want to say one thing about Brooklyn. I don't know whether to disagree with the previous speakers or not, but Brooklyn was known as the city of homes and churches.

I do not approve of highrise housing. I think it is less costly. I believe that the rehabilitation of many of these large homes in Brooklyn into two- and three-room apartments, before you remove the people from the substandard areas, is very important. That is what I tried to address

myself to, and what we are trying to refer to in other issues in other places.

This is done to a small degree in the bill passed last year on the Demonstration Cities Program, but there was only \$20 million involved.

This type of thing is much more important, to me, than to go into units of 400 acres. I also believe that if you travel around the City of New York you will find many vacant lots, many small places which should be used in housing right at this time.

I have one in my area, the old carbarn, that has been sitting there with no effort being made to do anything for it. We have been fighting for housing on this site. There is money available, and it could be available from the Secretary of Urban Affairs for middle-income housing.

What has happened? The City of New York has earmarked it for a school. We don't need a school in that area. Businesses have left the area. People are leaving the area. But to maintain a middle-income group there, this whole block should be given over right now by the City government.

There are two sides to city planners, and Mr. Moses is well aware of it. I also believe there are other areas that could be developed and not involve massive field projects.

MR. FEINBERG: *You don't think vest pocket installations are a dirty word?*

MRS. KELLY: I certainly don't. I approve of them thoroughly.

Stability of Homeowners

MR. FEINBERG: *I have one question to ask you about your feeling in respect to the use of Federal funds or subsidies. Which is your preference—to encourage private ownership through subsidies to private enterprise of the property, or merely to subsidize public housing?*

MRS. KELLY: I would prefer the owners being people who live there. They have a greater interest in possession, and with careful management and improvements which you have mentioned, could do a great deal for our city.

I think this is in the operation and that housing deteriorates without that. I think the homeowner is more stable, makes a more stable government. I would approve that if there is any way of doing it. I know it is a difficult task and is costly, but I think it needs to be done.

MR. FEINBERG: *I want to say I have had the privilege of knowing Mr. Hardy for many years, and I recognize his great talent and his infinite knowledge of these problems.*

Neal, I am going to address you by your first name because I've known you so long and so well.

In this instance of the United States Gypsum, they being the original sponsors, has their original investment been returned, and is there any hope of their being repaid? Do they look to that?

MR. HARDY: From the financial standpoint, they have used their own moneys to acquire the properties and do the rehabilitation during the construction period.

The United States Gypsum has a handsome line of credit, but they work against an FHA commitment, which is ample to cover all of their costs. They are making a small profit on the actual work that they do, plus their getting additional income from the sale of the materials which go to their contractor-builder, who does the work.

And so from a pocketbook standpoint, or a corporate statement standpoint, they are in the black at the bottom line.

MR. FEINBERG: *I also would like to ask you this question: Did you hear the testimony of Mr. Moses this morning?*

MR. HARDY: Yes, I did.

MR. FEINBERG: *If I recall correctly — and if I am in error please tell me — he brushed aside the idea of rehabilitation, and he was very adamant about razing the old slum and starting anew.*

What do you think of that statement, or what is your critique, if any, as far as his attitude is concerned?

MR. HARDY: As I said when I started out, as far as old-law tenements are concerned, if there is some magic way in which the buildings could be obliterated, and we could suspend the million people who live in them now for 24 hours and next day move them back into nice new projects, I would be the first one to go for it.

There is no such way of doing this at the present time. There aren't the moneys, and the relocation problem — in terms of razing 43,000 structures and relocating 1 million people — is so horrendous that the only alternative we have come up with is a limited amount of rehabilitation without dislocation in projects large enough so that people are temporarily moved.

We can consolidate vacancies, and you can get enough empty buildings for the builders to work on. Then it becomes a musical chairs game up and down the block.

I don't think this is a perfect solution, but to my way of thinking, it is much more humane than saying, "This is an impossible chore. We can't do anything." And so the next three generations of people who now live there continue to live in houses with rotting floors, nonworking plumbing, inadequate wiring, rats, falling plaster — you name it; they have it.

MR. FEINBERG: *Tell me this. What is being done, if anything, in New York City, if you know, in respect to housing code enforcement?*

MR. HARDY: Actually, we have received a grant from the Federal Government. We have designated code enforcement areas.

Just last week staff was assigned. We are now in the process of recruiting inspectors. I think you can expect in the City of New York, over the next six to eight months, a substantially stepped up code enforcement program in specifically designated code enforcement areas.

MR. FEINBERG: *Has there — and I don't mean to ask any embarrassing questions, because it is not your personal responsibility — but*

would you say there has been a laxity in that in the City of New York up to now?

MR. HARDY: There certainly hasn't been enough code enforcement.

MRS. KELLY: I would like to agree with that and say definitely.

MR. DOUGLAS: *I want to thank both Mr. Hardy and Congresswoman Kelly for coming. They are both extremely busy people.*

I hope I may be forgiven if I say that Congresswoman Kelly has made a magnificent record in Washington, not merely when the roll was called, but in committees, and the people of New York City and the country are very fortunate in her service.

I wonder if she would agree with me that the Appropriations Committees of both House and Senate are exceeding their authority when on appropriation bills they try to prescribe the conditions under which the money is to be expended?

I had always thought that it was the Legislative Committees of the House and Senate, as such, which laid down the conditions, or the administrative agencies acting under general authority.

But for the Appropriations Committee, as a condition of providing for the expenditure of moneys to require that private agencies put up 5 percent seems to me to be legislating on an appropriations bill, even though it is not formally attached to the bill. But it is in the report accompanying the bill, and it will continue with the legislation.

I hope a point of order will be made on this in the Appropriations Report, and it will be eliminated. I wonder if Congresswoman Kelly would say whether she agrees.

MRS. KELLY: I don't think there is anyone in the United States who could speak more fluently than you. I agree with you a hundred percent that the Appropriations Committee of the House has assumed a legislative responsibility which should be done away with.

The rules of the Senate are different than the rules of the House. You are well aware that, it seems to me, a person who has the money is the one who can control most of the operations. I think this definitely is unfortunate. I think you are well aware of that.

As often as we can, we try to stop that sort of commitment in the House. I also realize that the problem between the House and Senate is also one that we have riders on bills passed in the Senate that we have to rule out in the House.

MR. DOUGLAS: *The House is equally guilty, perhaps more so.*

MRS. KELLY: There is parliamentary maneuvering all around. But I agree with you, Senator, that the authority and legislation should be in the Authorization Committee, not the Appropriations Committee.

MR. DOUGLAS: *If I may indulge, Mr. Chairman, in more academic language, on the Appropriations Committee you find the oldtimers — people who come from safe districts, generally the Southerners on the Democratic side of the aisle, and those from rural districts on the Republican side of the aisle, the districts that have the most conservative elements of both parties. They have the power of the purse, and they think they can legislate despite the fact that they may not represent the majority of either the House or the Senate.*

You are there, Congresswoman Kelly, and I hope you will lead the revolt against the power of these tyrants on the Appropriations Committee.

MRS. KELLY: May I be so bold as to suggest that you put that in your report?

PUBLIC WITNESSES

MR. O'NEILL: Thank you very much, Neal Hardy and Congresswoman Kelly.

We now come to the part of our program for the public witnesses. I want to give you the ground rules that we have to follow.

We will call you one at a time, and we ask you to state your name and organization. You may submit a written report of any length. Orally you may have only five minutes.

Our first public witness on my list is Mrs. Dorothy Johnson. Is she here? I guess she isn't. . . . Our next is Mr. Vito Battista. Is he here? . . . Our next one is Mr. Walter Siracusa. After him is Mr. David Stoloff.

Mr. Siracusa: Regional Approach the Sound Approach

MR. SIRACUSA: Thank you, Mr. Chairman. I am a builder and developer, and I am also Chairman of the building organization known as the Builders Institute of Westchester and Putnam Counties.

We are an 850-member diversified trade organization, and we work both in the public and private sector of the building industry in Westchester and Putnam Counties.

We will send a prepared statement in, which is a rather long one, with some documents which I think are germane to this hearing. However, I would like to take the opportunity to discard my prepared notes, and perhaps on the basis of some of the things I heard this morning, cast a little cold water on some of the observations.

In the last analysis, I think most of us do generally agree that the private sector of the economy — the builder and developer — is going to be the guy who will ultimately have to pick the ball up and run with it. He will have to prove the feasibility and arrange the money, and is going to have to put the technical know-how together to achieve the job.

I have no specific argument with any of the premises which were established here this morning. Certainly, I wouldn't dare to argue with Mr. Moses, nor would I presume to argue with anyone as expert as Mr. Hardy, or anyone as dedicated as Mr. Badillo. However, as often happens at these hearings and at these discussions and at these seminars, we have a series of independent points of view, each of which may be correct in their own position, and yet, when you attempt to correlate the total package that is suggested, you come up with an out-and-out anomaly.

One way has been suggested here to overcome the problem of our low-income housing needs in the Metropolitan New York area — and I am not discussing New York City alone but, coming from the suburbs. I am also considering Yonkers and Mount Vernon and New Rochelle where a recent study has indicated there are over 25,000 dwelling units which are dilapidated or deteriorated and in need of replacement. And so we're talking about a very large area, and we're talking about a lot of people.

We are being told on the one hand that one way we might overcome this problem is through low-cost loans, tax abatement, in many cases subsidies, beyond anything any of us are prepared to deal with at this time in terms of money. In the next breath we're also told we are losing industry because of the high taxes in many of our states, and that industry is fleeing.

Where do we go, and how do we deal with it? I know I have very little time, and I can only make one specific and serious suggestion to this Commission.

The problems overlap. The problems relate not only to housing but to jobs, to economic opportunities, to business expansion. They include educational facilities, transportation. For instance, how do you get to jobs? How do you move these people?

I say these problems, sir, are only going to be solved when the studies and the solutions are sought on a regional basis. I am not advocating, necessarily, some kind of metro or interlarding of another supergovernment into the governmental chain, but I say the problems of New York City and Brooklyn and Yonkers and Peekskill, yes, and the rest of New York State are related.

Until and unless the responsible, intelligent dedicated people both in and out of government recognize that those problems are bigger than New York City alone, are bigger than simply new housing or rehabilitating housing, and unless the solutions are attempted on the basis of regional study and regional action, I can only say, after fifteen or twenty years in business, I am not terribly sanguine about the solutions. Thank you very much.

MR. O'NEILL: Thank you.

Mr. Stoloff: Suburban Tax Rights and Discrimination

MR. STOLOFF: My name is David Stoloff. I am Director of the Commission on Community Interrelations of the American Jewish Congress.

The problem I wanted to discuss with the Commission today is one which other witnesses have touched on various aspects of: the matter of taxation in the metropolitan form, metropolitan structure, and problems of equalization.

I think there is a relationship between suburban taxation, zoning, and development of standards, and the crisis of race and poverty faced by our Nation's central cities. It is clear that the Nation's metropolitan areas are politically structured in ways which impoverish the

central city and raise nearly insuperable barriers to racial and economic integration of the metropolitan areas.

We have to realize that it is in the suburbs where practically all urban wealth has been created since the beginning of World War II. In terms of total population, jobs, total value of property and improvements and total volume of business, central cities have stagnated or have lost steadily, in some cases in absolute terms. In relative terms they have declined dramatically. It has been amply documented how the multiplicity of suburban jurisdictions has affected the physical organization of cities. We have organizations which show how the loss of open space is causing terrific problems, and we have even had Federal legislation which deals with that particular problem.

The underlying problem, in my estimation, is the local authority of suburban municipalities, school districts, and other jurisdictions to impose property and improvement taxes. This, more than any other factor, has caused the stranglehold that the suburbs really have on the central city — their ability through the way they are structured to tax independently.

Suburban municipalities are forced by simple economics to exclude large families and poor families, and encourage ratables and rich families. Industry response to suburban advantages of cheap land and ample land and access to the interstate highways and proximity to suitable homes for top and intermediate level labor is evident. The poor, on the other hand, have no way or resisting their exclusion.

The building industry is not building homes for the poor, either for rent or sale, outside the city or any place. Public housing must be built by local authorities, local jurisdictions, local municipalities, and this doesn't happen in any of the suburbs, where they would apply for and build public housing.

We thus have a situation that is self-perpetuating, with no sign of any change in the underlying causal factors.

As the metropolitan areas continue to grow — and they will grow by half again in the next 30 or 40 years — distorting and discriminating effects of the municipal tax structure will be perpetuated. The side effects will also increase. The lack of access to the jobs being built in the suburbs, as far as poor and Negroes bottled up in the central cities are concerned, will become more aggravated. The poor are thereby denied participation.

Metropolitan transportation systems were built in a time when most of the jobs were in the central city. It is easier to get from the suburbs downtown where the jobs used to be than it is to get where people now live up to the suburbs, where the jobs are. It is very expensive, and it is circuitous, and most people can't make it out there. There is an increasing reverse flow, but it is expensive and difficult. Thus, the poor are denied access to jobs, since they can't afford suburban housing which would give them access.

Racial discrimination exists and exacerbates the situation. But I am convinced just removing discrimination in housing and in jobs will not alter the fundamental situation or trend.

MR. O'NEILL: Could you sum up please.

MR. STOLOFF: The point I am getting to, of course, is that in order to remove the built-in incentives that the suburban communities have to discriminate and to distort, really, the developmental patterns of urban areas, the solution has to be found to the taxing situation.

Either the state or the Federal level has to make grants, impose their power to impose property tax against the property itself, or some other form to be rebated to local jurisdictions on a per capita or need basis, which will then make it less difficult to develop other kinds of departmental controls and lead to a better form of urban structure.

MR. O'NEILL: Thank you.

Mr. Morrison: Schools over Housing

MR. MORRISON: I am James Morrison, and I represent Educational Facility Laboratories, a nonprofit organization established by the Ford Foundation to help American schools and colleges with their physical problems.

While our interest covers the entire educational spectrum in the United States and Canada, one of our more active concerns in recent years has been with the problem of the urban schoolhouse. Because of that concern we have supported a number of new and innovative approaches by the cities to the planning of their schools.

It would seem that at least one of these approaches is of great relevance to the problem under consideration at these hearings — the creation of decent, low-cost housing in our cities. I refer to the joint occupancy concept, in which the air rights of the new school buildings are leased or sold to developers, who then erect housing or commercial structures over the school. The joint occupancy approach comes to grips with a number of urban problems simultaneously, and offers the cities a number of programming alternatives as they attempt to renew slum neighborhoods.

Most important in our view is the fact that the combination of school space and housing makes it possible for the cities economically to replace existing schools, outmoded, deteriorating and in some cases downright dangerous. It opens up the possibility of providing day care and preschool programs where the children who need them live. As a byproduct, such a program should provide employment for some neighborhood residents.

This approach also helps solve one of the more serious problems in the new housing projects — the difficulty in finding sites. In effect, the school site becomes a ready-made site for housing. Or, to put it another way, the same piece of real estate can accommodate both housing and education.

The most ambitious attempt to employ joint occupancy under air rights here in New York occurred when the State Legislature amended the State Education Law to create the New York City Instruction Fund. The fund is empowered to float bonds, build schools, and to lease the air rights over the schools and use the resulting income to retire the

bonds. The fund already has a number of projects in various stages of negotiation and planning. Among them is a tentative and promising proposal to build Head Start facilities into vest pocket housing in the Bedford-Stuyvesant section of Brooklyn.

Obviously, it is too soon to label the fund program a success, but so far the indicators are fairly favorable.

The fund's approach has another advantage in that it relieves the pressure on the City's capital budget.

Like many other cities, New York operates under a statutory debt limit. Since the fund's bonds could not come under that limitation, the capital funds that would have been required for school construction can be diverted to meet other capital needs.

The economics of joint occupancy are still unclear. The range of expert opinion runs from the conviction that cities will get free schoolhouses, to arguments that the cost will remain the same and simply be shifted from one budget line to another. There will be no clear answers to this until a number of such projects are in being, and the returns come in.

Nevertheless, joint occupancy deserves consideration as the city tackles housing problems. The potential in dealing with social and educational problems, and in overcoming real estate shortages, is too great to be ignored.

Most significantly, joint occupancy is a step in the direction our cities should be taking as they attempt to rebuild.

The problems of housing, employment, education, air and water pollution and crime — to name a few — cannot be solved one at a time. What is needed are sweeping programs that deal with a wide range of problems at one time.

The key role in these programs inevitably will be played by education and by the schoolhouses that accommodate them.

MR. O'NEILL: Thank you.

Mr. Gordon: Organized Crime in Cities

MR. REUBEN GORDON: I am a teacher with the New York City Board of Education, and a member of the United Federation of Teachers and affiliated with Americans for Democratic Action.

I have just been here a few minutes, and I was under the impression from the speakers that you were limited to the urban crisis in connection with housing.

I believe, however, that I was told that I could speak on something which is directly connected with your problems in housing in the city, and with every other problem in the cities; namely, something which came out in the public area in the last two issues of *Life* magazine, which dealt with organized crime, sometimes known as the syndicate Cosa Nostra or Mafia, and the great facility by which they are able to penetrate and influence all of our city agencies, even to city hall. That is not limited to New York City, according to this particular magazine.

I would recommend, if you might want to do so, that you incorporate as part of your record of these hearings, the two articles in *Life* magazine. I am not affiliated with them, nor am I retained by them. I believe they would give you an excellent jumping-off point for this Commission to tie in these reports with the President's Report of the Crime Commission, which has recently made quite a splash, and with the New York City report on the Police Department, which at a cost of \$50,000 or some such amount was prepared by the International Association of Chiefs of Police.

I don't believe, then, that it would be necessary for this organization to even hold any further hearings. You have enough background material in these reports, which are public records, which have gathered dust on the shelf and have not been acted upon or implemented, to keep this Commission or any other committee 10 times this size fully occupied with distilling the necessary principles which would, I believe, give you an approach to a solution of the great majority of our urban problems.

To get back to an illustration, you are concerned with housing and enforcement of code rules. To quote that principle of physics, water can rise no higher than its source. I would say that law enforcement can go no higher than the officials who are entrusted with that duty.

My area of personal knowledge is in the courts of Kings County, and I can state from personal knowledge that these courts are subject to corruption. Court records have been altered to my knowledge, and I can prove that.

In cases the District Attorney at his will can pursue a criminal case of a person connected with organized crime. Just yesterday three alleged murderers had their cases dismissed by District Attorney Koota on the grounds that the wiretapping decision of the United States Supreme Court made it necessary to dismiss these cases because he had no other evidence, other than wiretapping.

I would say that is very sloppy police work. If you cannot find sufficient grounds for indicting and trying these gentlemen with no other basis than wiretapping evidence — wiretap evidence is not even necessary to produce in court. That is done legally, once you have knowledge of the people involved. Good police work can then make a good enough case on evidence other than the wiretap completely. I believe that is a general statement, and that has been so stated by people who are in a position to know.

I believe a case in point is always pertinent.

I have here copies of a petition which I submitted personally to the Appellate Division, to Judge George J. Beldock, Presiding Justice. It is an affidavit submitted in support of a request for a public trial of Criminal Court Judge Herbert I. Sorin on charges of unfitness for the bench, and for conspiracy to obstruct justice in the case of *People vs. Gordon*, in the case of giving a court hearing to a teacher.

MR. O'NEILL: Can you sum up?

MR. GORDON: This was in the absence of all witnesses, and in violation of all constitutional rights, and in full collusion with the author-

ities of the Board of Education who are, of course, the great exemplars of democracy in education.

In other words, the professions differ widely with the practice.

You have a *de jure* democracy, but a *de facto* syndicate of well-organized crime, or Fascism, call it what you will.

Sen. Garcia: Opportunity for All to Work

SEN. GARCIA: I am New York State Senator Robert Garcia. Mr. Chairman, Senator Douglas, distinguished members of the Commission: I have a statement here that I have written and prepared. I have timed myself at five and a half minutes, but I think we can cut it down.

I am grateful for the opportunity to appear here before you today, and speak to you as the elected New York State Senator representing one of the urban areas of our Nation, populated by the economically deprived, the most recent tragic victims or urbanized America.

Gentlemen, I am a product of the American urban ghetto. I was born and raised in the South Bronx, in the area I represent today, and I am 35 years old. I have lived there with my family, and I would like to state that we are still, of course, needless to say, very much part of this community.

I have been to countless meetings, and have spoken before numerous groups on the issues and problems that pervade the everyday existence of the man who lives in such an area.

I am here to urge you not to lose sight of the fundamental horror which fills the lives of so many people of our great city. The battle for human dignity will be won or lost on the issue of what can be done to prevent and cure the decay and despair. All the social welfare programs of our society, all the Model Cities Programs, and all the funded poverty programs initiated at every level of government come to some grips, but they do not come to all the grips.

The hard question of restoring human dignity to those who have lost it in the turmoil of our urban centers, and the frustration of indifferent bureaucratic administration — this is not a struggle to establish sidelines and procedures.

I trust that yours is an inquiry committed to drafting questions: what is being done, rather than how are you doing it.

If the resources of government are limited, as indeed we know they must be, then I urge you to remember that the bitter torment and frustrations that we have seen in the streets of our city are born of fundamental need for a head of the family unit to be economically productive. In our society, a great part of man's image is dependent not only upon what he is but upon what he does.

No one lives willingly on the brink of poverty. If jobs are available, there are men who will be glad to seek them and hold them.

A decent family will ultimately break down the doors of bigotry and intolerance in the field of housing and education.

A man who spends 24 hours a day worrying about food for his family's table and rent for his landlord will not have the time or the ability

to concern himself with the problem of his community, or indeed, even of his family.

To send one's children to school, to live in a community free of rats and disease, to aspire to establish oneself permanently in society, to know that one's family would not be totally impoverished because of the death of a breadwinner — these are not unreachable goals. This is not too much to ask by a man in the wealthiest country in the modern world. These basic objectives are still not within the reach of the poor and culturally deprived.

If we have spent these recent critical years in examining the problems of the city, let us spend the next years in working towards a solution.

I urge this Commission to come from these hearings with all its power of persuasion committed to the position of the right to work and strive and learn as a basic, fundamental thing, which we should cherish in our Nation. I hope in future days to hear your voice, Senator Douglas, and the other members of the Commission, speaking to labor leaders and to employers alike, and bringing to them the message that the key to the future lies in the hands of men who are ready, willing and able to work.

Let us put an end to restrictive trade unions, to restrictive trade union membership. Let us stop the vicious standards of bigotry and intolerance, and help us to make full employment in the minority community a reality.

The future of America lies with those who have a meaningful stake in our cities. I will close there, gentlemen. Thank you.

MR. O'NEILL: Thank you very much.

Mr. Battista: Unfair Tax Practice in New York City

MR. BATTISTA: Mr. Chairman, and members of the National Commission on Urban Problems: My name is Vito Battista. I am an architect, a city planner and educator. I am Chairman of the United Taxpayers and represent many community groups, homeowners, small property owners, and taxpayers and civic groups.

I feel very frustrated this morning, because of the five-minute limitation. I would like the privilege of keeping my testimony open so I can give you a full written report.

When Mayor Lindsay said, "We are taxed to the hilt," the other day before your Commission, this was the understatement of the year. New York City is the only city in America that has a 5 percent sales tax, a 5 percent food tax, a city income tax, high real estate taxes, occupancy tax, business tax, high water and sewer taxes, high state income taxes, plus a Federal income tax. Our problem in New York City is that the very poor pay high taxes and certain vested interests pay very little taxes.

For example, in New York City we have rent control. We have had 24 years of rent control. It has deprived private enterprise and has given investors out of New York City, including the banks, benefits. What have we got from the bargain? Slums, in spite of \$5 billion in

subsidized housing, \$3 billion of public housing and \$2 billion of State-subsidized housing.

We have talked of a \$5 billion rehabilitation program and many jobs for minority groups. We have underassessed properties right here in midtown Manhattan and Washington Square, Fifth Avenue, Gramercy Park, Sutton Place, Beekman Place, the Gold Coast of the Sixties and Seventies, Madison Avenue, Fifth Avenue, Central Park South, West Riverside Drive.

These are millionaires paying 1943 rents in a 1967 economy. All those buildings are underassessed, and we are losing \$200 million, while the poor pay high rents in the slums and the rich pay low rents.

Here is an example of photographs right in front of you. These buildings are new-law tenements, not old-law tenements. The old Brownsville section has been destroyed because the people have lost control of their property. The Roosevelt Savings Bank alone has lost over \$3 million. This is the true evidence that you people should investigate in New York City.

Then we go to underassessed commercial property. The Carlyle Hotel only the other day was sold for \$15 million. I checked the assessment. It is assessed at \$4 million.

We are losing a half billion dollars in real estate in underassessed taxes in midtown Manhattan.

We have tax-abated housing, where the rich live. For instance, you were down the other day at an auditorium in the East River Houses. Do you know there are Supreme Court judges living there making \$37,500 a year and getting 97 percent tax abatement for 30 years?

I don't think it is fair that the little homeowner has to pick up the tab.

Then you have public housing, \$3 billion worth, and what have we got? Social-racial-economic ghettos, crime centers of society, slums.

When I was a student at MIT, a sociologist told me that if we gave man good housing, we would have a Utopian society. Do we? There are 1,400 policemen in the New York City Housing Authority. This is the largest police force in the United States.

Bedford-Stuyvesant doesn't want public housing. The Port Authority will bulldoze our homes and take taxable properties off the tax rolls and shortchange us in taxes.

We're losing another \$50 million on urban renewal. We have to wait 10 years, 15 years and 20 years. Cadman Plaza and Brooklyn Poly and the Borough Hall area of Brooklyn — we're losing untold millions.

I say to you, gentlemen, that the little man in the city of New York, the little homeowner, the little property owner, the workingman, whether the man makes \$80 a week or \$800 a week, he is the victim of the city.

In conclusion, we need a more human, creative and constructive approach to solve our housing needs.

We must promote private investors to build and to encourage the profit system, yes, the profit system — something they are destroying in the city of New York, with a realistic, gradual elimination of rent

control. We must bring back the spirit of the pioneers — responsibility, achievement, self-denial, hard work. Then we can make New York City a better place to live, work and do business.

The Federal Government should stop giving New York City any further funds until it removes some of the inequities.

There is over \$1 billion that the City of New York is not collecting because of certain political connections. I have stated above where the rich are undertaxed; the poor are overtaxed.

I picked up today's *New York Daily News* and I read that the United States fails in slum war. This is a quotation from Mayor Lindsay. It should be reversed. The City of New York fails in slum war, not the Federal Government.

If we had competent people in the City of New York, if we had talented people to do our planning, we wouldn't need more money from the Federal Government. We have got enough money in the City of New York. Local government can do the job on a state and local level, providing you give private enterprise an opportunity to exist in the City of New York.

Can you imagine people receiving 1967 salaries and paying 1943 rents with one 15 percent increase? And taxes have more than doubled, maintenance has more than tripled, and mortgages and interest have gone up.

How can you expect to maintain good housing in the City of New York with rent control? I say, gentlemen, you had better study this problem a lot closer. You have been getting a one-sided picture.

I say that the small people are being destroyed, not the millionaire, or the man on relief you have already destroyed.

The black man is being destroyed by the white liberal because you have given him public welfare, public housing and War on Poverty, and not a good education and good jobs so they can get along in our economic society. They don't want Black Power. They want Green Power, and that is the only way we're going to help the people in the city. Thank you and God bless you.

MR. O'NEILL: Thank you. This Commission will stand adjourned until 2 o'clock in this room.

(Adjournment.)

Public versus private methods of dealing with physical and human blight were debated in the Friday afternoon session. Then attention turned to the role of building trade unions in the central city. How labor can bring more Negroes into its ranks, and how labor can keep pace with new technology, were major topics.

THE URBAN POOR AND LABOR UNIONS

MR. O'NEILL: Our first witness is Mr. Michael Harrington,¹ who is most famous for two books, the better-known of which is *The Other America*.² *The Other America* has been credited with playing an important role in the anti-poverty war. Mr. Harrington is known all over the country as a specialist, especially on the urban poor.

STATEMENT BY MICHAEL HARRINGTON

MR. HARRINGTON: I would like to apologize. I had a prepared statement and due to a slipup it apparently didn't arrive here. What I will do now is summarize my prepared statement. In a sense that is fortunate, because it gives me the opportunity to put in a couple of extra details and to be more specific.

The thesis that I would like to advance to the Commission today is the following one: That some of the very best and most dedicated and committed people in the United States have great illusions about the possibility of ending slums.

Specifically, I would like to argue that without massive Federal investment and new democratic planning institutions in the United States, we do not have the hope of solving the problem of the city.

I specifically want to address myself to the theory that some kind of partnership between government and the private sector will solve the problem, because I believe that that theory is an illusion. I do not believe it will work.

Let me develop the reasons for my opinion. First of all, we now know, and we have known for some time, the quantity of housing we need in this country, and yet no one is proposing it.

¹ Editor, writer, author *The Accidental Century* (1965). Native of St. Louis, studied at Holy Cross College, Yale Law School, University of Chicago. Associate editor, *Catholic Worker*. Co-editor, *Labor in a Free Society*. Consultant to Sargent Shriver, 1964, in war on poverty. Chairman of Board, League for Industrial Democracy; Board member, A. Philip Randolph Institute.

² *The Other America* (New York: Macmillan, 1962).

We have been told that we need 2 million new units of housing a year for the next 34 years, between now and the year 2000. We have been told that we need a minimum of 500,000 new units of housing for poor people, and no one proposes it.

MR. DOUGLAS: *I do.*

MR. HARRINGTON: I saw the article in the *Times*, and I very much agree with Senator Douglas.

But no official body has put forth a specific budget and target for 500,000 new units of low-cost housing. As a matter of fact, our current programs of publicly financed housing for the poor run well behind what Senator Robert Taft advocated in 1949, which is a measure of the scandal we have when we are not meeting up to standards of a conservative Republican of a generation ago.

As a matter of fact, I think with regard to our inability, or our unwillingness, to fulfill the quantitative goals that we set ourselves, one has to say that there is a sense in which the Federal Government acts as a riot agitator.

You cannot go into the slums, and you cannot go to poor people and say, "We're going to have an unconditional war on poverty," and then have a highly conditional war on poverty. For if you do so — if you raise aspirations way up and then dash them down — you're going to get a violent response.

It seems to me, first of all, if we talk seriously about the government figures themselves, somebody has to say, "Here is how we're going to build a minimum of 500,000 new units of housing for the poor." Until some government agency says that in specific targeted terms, we are kidding.

Private Sector Not Society's Agent

But secondly, can we do this by inducing the private sector to act as society's agent in the slums? I think not.

The slums, as I think all of us would agree, are not profitable investments in and of themselves, for the private sector. David Rockefeller was quite specific before the Ribicoff subcommittee last year on this point. As a banker, and not as a philanthropist, Rockefeller is not going to put his money into the slums. For that matter, it was only in the wake of the Detroit riots that the FHA applied some of its mortgage programs to the slums, and the FHA's reasons for not going into the slums — the government's reason for not going into the slums — is that these areas are not good economic risks. That is true.

But then what about the proposition that the private sector will not normally go into the slums, even though the private sector prefers to use handsome government subsidies to build housing for the middle-class and rich — and let me say that the rich and middle-class received more subsidized housing in the post-war period than did the poor. The only problem is that the subsidies are visible in the highrise apartments of the low-income families, and the rich people's subsidies are

invisible because they take the forms of cheap credit and tax writeoffs on the houses they build.

In any case, generally speaking, the natural tendency of the private sector is going to be making money off government subsidies for middle-class and rich housing, which is what they are doing.

But there are those proposals that the government should sweeten up the slums and should lure the private sector in by a variety of stratagems. I would point out one thing about all of these proposals, such as Senator Kennedy's proposal,¹ and Senator Percy's proposal, and all of the proposals that we have heard. That is, not one of them has a rent level geared to the poor, not one. All of the rents in all of those proposals are geared to people with incomes of \$4,500 or more.

I most emphatically think we should do something for the people with incomes between \$4,500 and \$8,000, which is the kind of income you have to have to get into the Federal subsidies, as it now stands. We should do something for them.

But if we are talking about the worse-off Americans, who, it seems to me should have the top priority, none of these proposals to induce the private sector touches the poor as defined by the government, or even comes near it. More than that, I would remind you that not one of these proposals covers the majority of Negroes in the United States. The overwhelming majority of Negroes in the United States live at income levels well below those levels which would provide the rents proposed in the various private sector plans.

“Uneconomic” Decisions Must Be Made

Thirdly, even if one could convince the private sector to come in by some incredible bribe — by paying off the private sector extraordinarily — even so, the private sector should not plan this housing.

What we are doing in President Johnson's words is, “We are embarking on building a second America.”

What that America should be like is not something that you can hire out to the private sector to determine. It is something that has to be democratically and politically determined. What has to be done, in the case of rebuilding the cities and building new towns is, we have to make uneconomic decisions. We have to invest money in things such as social priorities and esthetic priorities.

Mayor Lindsay's task force on urban design told him last year that, given the prevailing commercial values of land and land use in New York City, even the Plaza Hotel could not compete with an office building. If, on the basis of economics, the Plaza might be torn down because it is not economical, the needs of the poor much more so are not going to be satisfied by an economic approach.

What we need — and I use the term very broadly — in an uneconomic approach; that is to say, an investment in things such as social

¹ See page 70.

consequences and beauty, which are not ordinarily computed into any businessman's calculus of profit.

Fourth, it seems to me there is another illusion around, which is the illusion of rehabilitation, and that is a mode of solving the problem without really getting into anything massive.

The problem is, in most of our urban slums the misery is not just that the housing is dilapidated and deteriorated and rat-infested, and all the rest of the misery, but also that they are so incredibly overcrowded.

If you rehabilitated Harlem, you would have to move three-quarters of the people out, first, to make that housing really habitable on an areawide basis of Harlem.

Therefore, when you talk about rehabilitation, I think it is a good idea, and I think it can work, but only if one is prepared to provide the quantity and quality of housing for the dense numbers of people who are thronged in the slums.

Business Should Be the Contractor

Finally, on this point, I have been coming down very hard on the private sector proposals, because I think they are illusory. At the same time, I do not, obviously, want to exclude business from what I am proposing. But I think what we have to keep in mind is this: The money is basically going to come from the Federal Government. The planning and the democratic imagination are going to come from the government and the people, and then the role of business will be as a contractor. But the dangerous concept is that business shall draw up the contract. That is what I see in some of the private sector Utopias that are being proposed.

Let me make a couple of specific comments and then conclude as to what should be done.

The first specific comment is this: I think Senator Ribicoff in January of this year had an excellent idea when he said that we should take \$927 million, which was then budgeted for the Demonstration Cities Program, and devote all of this money, not to the demonstration cities but to find out what we should do. We could spend \$1 billion in this society, really, trying to create institutions for democratic planning.

Let me remind you of another point in terms of dollar figures. When one talks about a Marshall Plan for the poor, we must certainly have this, and one should not talk about it in terms of the amount of dollars that the Marshall Plan spent, because that was 20 years ago.

Are we prepared now, in terms of the cities, to do what Harry Truman proposed for Europe in 1947, to spend 3 percent of the gross national product? That was the proposal Mr. Truman made. The actual moneys allocated to the Marshall Plan didn't get that high, but they got over, I believe, 2 percent of the gross national product. We should be talking about programs of that magnitude, because if we could spend that much money on Europe, we could spend that much money on the United States.

In order to carry out these ideas, we don't need just money, however. We need social imagination; we need new planning institutions.

Let me just say a word on that to give you a couple of ideas of what I mean, and end up with a very specific proposal.

I think here I am taking a suggestion that might come as a surprise after some of my earlier remarks. I am taking a suggestion from sophisticated businessmen on the Committee for Economic Development.

I think it is clear from every point of view, and certainly from the point of view of the urban crisis, that local government in the United States has to be drastically overhauled. That is what the Committee for Economic Development said in its 1966 policy statement.

The 80,000 overlapping, ineffective units of local government in the United States have to be reduced by approximately 80 percent. The businessmen of the CED said, "There is a revolutionary readjustment needed." I agree, and it is necessary.

Neighborhood Government with Expertise

The CED had one idea in their reorganization of local government proposals that I think is very relevant to the issues of the cities. This is the idea that although we will increasingly need to create large functional units to deal with problems on a metropolitan area basis, and on a regional basis — although we will increasingly have to go against or beyond or transcend the historic city-county-state lines that have been drawn, the CED said, "In order to get the people really involved, we should create neighborhood units of government with approximately 50,000 people in them."

I think in terms of planning what to do about the cities, this would be an area where the participation of units of 50,000, participation of people in institutions of neighborhood democracy, could be extremely good — not only from the point of view of democracy, but from the point of view of decent planning.

I would add to the CED proposal my own suggestion that if we have neighborhood democratic units, that funds should be available to them to hire their own experts to controvert the experts of the government. In this society, unless you have access to knowledge and expertise, you can't argue any more. I believe that poor people should be able to hire their experts to testify against the city's experts or the state's experts or the planning commission's experts.

I think, for example, the idea that Albert Shanker of the Federation of the Teachers in New York expressed, that a local school board at Intermediate School 201 should have its own research staff which could check and argue with the research staff of the Board of Education, is an excellent idea.

Secondly — this is an idea proposed by Walter Reuther and others. I believe it was also proposed in an excellent speech at the Urban America conference last year by John Kenneth Galbraith. I believe we now have to begin to save land. We have to have land banks. We

can no longer allow commercial considerations to dictate the uses of land. We must insist that social and esthetic considerations have a role in determining the use of land. One way of doing this — an important way of doing this, it seems to me — is to have a land bank or a series of land banks on every level of government.

Thirdly, in terms of positive proposals, it seems to me now is the time to reexamine a lot of the ideas of the cooperative movement. It has worked in the United States in rural electrification. I think it can be made to work in terms of building housing.

Fourthly, in terms of specific proposals, it is clear as, for example, the 1966 White House Conference on Civil Rights pointed out, it is clear that planning must now be areawide. Therefore it seems to me that Federal moneys for the city should have the string tied to them that there must be metropolitan areawide planning, and above all, that not one single lily-white suburb shall get a cent of the taxpayers' dollars in order to evade the problems of the city, which is what they have been doing. I think this enormous power, which is the money expended by the Federal Government, has to be tied to social goals.

Build a Model City

My last specific point is a proposal. I would like to see the United States Government be at least as audacious as General Electric and the Humble Oil Corporation, among others, and build a model city. I would like to see the United States Government build a new city from the ground up for, let us say, a quarter of a million people, and prove in reality that racial and social class integration can work.

They should do this as part of a new policy of not spending one single cent of Federal money — and most of our money has been spent in this way in the post-war period — on any program which reinforces segregation and does not aid integration.

In other words, more than a Model Cities or a Demonstration Cities law, I think we should build a model city. I think we could prove that integration does work, that poverty can be abolished, that good education is possible.

If we could see the future and it works, then I think we would have taken a great stride forward.

And so the two basic ideas I want to present to you are that I do not think, in terms of our own Federal definitions of the problem, that we can possibly rely on the private sector in any role except that of contractor; and secondly, in order to get at the problem as the Government of the United States has already defined it, there will have to be massive public investments on the order of the Marshall Plan, which is to say 3 percent of the gross national product.

Even more radically there will have to be new institutions for democratic planning, because what we're talking about is lowering the criteria of the marketplace, and introducing democratic criteria of social and esthetic good into our lives.

MR. O'NEILL: Thank you very much. We will begin the questioning with Hugo Black.

MR. BLACK: *I pass.*

MR. DEGROVE: *Mr. Harrington, do I remember seeing your name on the Freedom Budget that Bayard Rustin drew up?*

MR. HARRINGTON: Yes.

MR. DEGROVE: *Do you think that this is a feasible way of expanding our expenditures in the area of meeting the domestic problems of this country?*

MR. HARRINGTON: Very much so. I think one of the important things about the Freedom Budget in this regard is that it has numbers and figures and tells you where the money comes from.

MR. DEGROVE: *Unfortunately, I didn't get a chance to ask Mr. Moses this morning why he made the statement that it was utterly impossible to fund the Vietnam War and to meet domestic problems, because that Freedom Budget seemed to indicate that it was quite feasible, and that it indeed can be done without increasing the gross national product.*

MR. HARRINGTON: I think the problem is not economic. I am in agreement with Bayard Rustin and the Freedom Budget that, economically speaking, we can afford what in my mind is a tragic war in Vietnam. (I don't want to get into that. I think we shouldn't even be in it.) But we can afford economically both that war and a war on poverty in the United States.

I think the problem is one of political psychology, if you will; that the kind of a political psychology that a country which is fighting a dirty and vicious war in Southeast Asia often tends not to be one of innovation, not one of social criticism.

It is also a problem, I think, of the economics of intelligence, so to speak, that so much brainpower in the Government, so much passion is being devoted to Vietnam; that it is not that we don't have the money, but that Lyndon Johnson only has 24 hours in his day, and I think he is spending most of those hours in the wrong way. I don't want to get into the issue of Vietnam, though.

Administrative Machinery to Build "Second America"

MR. DEGROVE: *Accepting your premise that the private sector is really not going to be induced or seduced or led into the massive investment of capital in the central cities, then this puts the burden for the initiative and planning on the government, and more particularly the Federal Government. At least they have the money.*

How do you view the adequacy of the administrative machinery at the Federal Government level to take on this vastly expanded task?

MR. HARRINGTON: I think it is inadequate. That is why I think Senator Ribicoff's proposals of last January are important — that the first phase we have to go into is really to think through the thing.

Let me qualify that. There are many things we could do tomorrow

morning at 9 o'clock that would take very little intelligence, like a guaranteed annual income, as Leon Keyserling says.

We have already got the envelopes on computer tape, and it is just a matter of putting the checks in. I don't think that would take any great administrative rehauling, but I do think in terms of the massive expenditures for doing what the President called "Building a second America," that I'm talking about, the present machinery is utterly inadequate, and that we have to spend a lot of money in finding out why; and also, in the second part of my proposal, bringing in people at the base into the planning process.

MR. DEGROVE: *I agree. Thank you.*

MR. RAVITCH: *Mr. Harrington, I would first like to say that the society that you envision is one that I would very much like to live and work in. I am not sure I am totally in agreement on how we get there, though.*

I have no philosophical predilection toward private enterprise. If government can do it better, government by all means should do it. But I wonder if we could look not to the concept, so much, as to the facts for a moment.

I am not altogether sure what you meant when you said private enterprise should just be the contractor, and that government has to do the job.

I think, if I may suggest it, there are several elements that we are talking about. One is financing. I think we are all aware of the fact that the Federal Government has got to bear the major burden of financing any public improvement. Secondly, the question is to what degree. My question to you is, is it not fair to say that one of the reasons — or one of the theories behind the proposals for maximizing private participation — is that if the expenditure of one dollar of governmental funds will bring nine dollars of private funds to the solution of the very same problem, wouldn't we be better off, as a society?

MR. HARRINGTON: I have two points in response. Number one, I think that the crucial Federal role is financial. There is also a planning role. Let me make it clear that I am not proposing that we centralize the daylights out of this. I would like to see this on all levels, including very local neighborhood levels.

Secondly, we should investigate things like Government support of cooperatives, where people would decide what they want to do.

What I mean in my distinction between business as drawing up the contract and business as contractor is this. Let me specify it, first, in education:

The *Wall Street Journal* had an article this spring saying that with all of the big companies getting into the knowledge industry, experts now believe that the schools of the future will have to be designed to fit the electronic equipment. I think that the electronic equipment should be designed to fit the schools of the future.

As you now have it, when a businessman goes in he makes a decision which works in a number of areas. That is the decision to make as much money as possible, to fill a need, to sell goods, etcetera. But he

doesn't take social consequence into account. Here I agree with the extreme laissez-faire economic theorists, like Milton Friedman, that businessmen are just not built to be social planners; they are built to be businessmen.

My argument on contract and contractor is, for example, there are many businessmen who have drawn up the contract on suburbia and built a single-class, single-color suburb.

I would like to see the Government come in and say, "You can build a suburb or a new town and you can get our aid for it if you meet the following criteria. If there is room designed there for Negroes, for poor people — if certain social and esthetic consequences are planned for — then you can fill the contract."

I don't want the Government to become a gigantic construction company, but it has to insist on what is the social and esthetic layout, and I can't leave that up to private values.

MR. RAVITCH: *I can't help but feel that we have to be somewhat cautious about making the same error that businessmen often make about the Government, which is to say that every governmental activity is per se inefficient and unproductive.*

I think we have to be cautious about assuming that the reverse or contrary is any more true than the first.

I think what is lacking here, when you talk about solving social problems, is this: I grant you that a businessman's first interest is in the securing of profits for his company. But I think when you define what you mean by a social problem or a social objective, I think that what we are really talking about is the degree to which Government and private enterprise participate in each endeavor.

I suggest this, and wonder if you agree, whether the mixture wouldn't vary rather substantially, depending on the endeavor? For example, I agree, probably, that private business is not going to be the source of great wisdom in terms of social planning, as in terms of the educational programs, in terms of how a poverty program is administered, and how well it should be administered. But I suggest to you that perhaps in terms of the improvement of the physical environment, that the opportunities of private enterprise, even assuming the entrepreneur to be totally without any social conscience, which is something I won't accept — but assuming him to be totally so — isn't he still the best instrument to achieve the social objective?

You said before that you thought that the United States Government ought to build a model city to prove that integration works. I suggest to you, sir, that there have been many instances where private enterprise has built integrated housing, and where it has worked. The facts are on record for anybody wanting to see them. The fact that other entrepreneurs haven't done it indicates not the failure of the experiment, but the shortsightedness of the entrepreneurs who have not yet tried it.

I don't want to make a speech, but isn't it fair to say that there should be a mixture, or a variance in the degree of private participation, depending on the social objective that you're talking about?

Calculus of Business

MR. HARRINGTON: I think I can answer first by giving an example of the problem, and then by directly answering your question. I can do it rather briefly.

I think that David Rockefeller of Chase Manhattan is an example of a liberal, conscientious businessman. He is certainly not a Neanderthal. He is a sophisticated man, with good values, and concerned with this problem.

When he testified before the Ribicoff Committee last December, he said, "Now, of course, you have to understand that when we go about this problem of rebuilding the cities, we have to observe land values, commercial land values." He said, "That is why, on the basis of a businessman's calculation of land values, the projects which we are sponsoring in Lower Manhattan are of a massive, dense, high taxpaying nature."

One month later, out comes the report of the Council of Economic Advisors, identifying as one of the main problems of the crisis of the cities the building of massive, dense structures, putting intolerable loads on transportation systems, and not taking into account problems of slum dwellers, etcetera.

I am not saying that Rockefeller is an evil man in what he wants to do in Lower Manhattan. I am saying on his calculus, he will not use that land to build a park. But maybe we should build a park there.

MR. RAVITCH: *Maybe we should build a park and low-density housing that is racially and economically integrated, but who will do it?*

MR. HARRINGTON: My final point is that I think that the planning of it, determining what the society will look like, should be determined democratically by the people, through a democratic process. I would make a series of proposals to bring more people at the base of the community in the neighborhood into the planning process.

But I think that government has to take the lead. By government I do not mean one bureau in Washington, D. C., to do all the planning, but I mean all levels of government.

MR. RAVITCH: *Are you suggesting planning by plebiscite?*

MR. HARRINGTON: No.

MR. RAVITCH: *How will you define a community? Will you give us a definition of community? Does Jane Jacobs represent Greenwich Village, for instance?*

MR. HARRINGTON: I have lived in that area when the fight was on, and I would say it was fairly democratic.

MR. RAVITCH: *Who spoke for the Village?*

MR. HARRINGTON: My proposal is very specific. I think the CED — which again I remind you is a businessman's organization — basically, that the CED has said there should be new units of neighborhood local government of approximately 50,000 people. I won't quarrel over the number of people. Somebody might want to propose 40,000.

MR. RAVITCH: *You don't want to wait for that before we start solving the problems?*

MR. HARRINGTON: Of course not, but I believe if we are going to build a second United States of America in the next third of a century, we had better think about what it is going to look like, and we had better bring the people into the process of planning its social and esthetic values, because I do not think that private enterprise plans social and esthetic values very well.

As a matter of fact, to me the great tragedy of the post-war period is that Federal funds were seized by the private sector in order to build marvelous Shangri-Las for the white middle class, and intensify racial segregation and the agony of old age in the central city.

I think one of the problems in the post-war period has been precisely that our planning has been so dominated by business values. And what I am proposing — and it is not all stuff that can be done tomorrow morning, but we have to work toward it — is actually countervalues of social consequence and esthetic consequence, and popular participation in the decisions.

MR. LYONS: *There are a lot of questions on my mind. I don't know whether I can express them. But when you talk about this mixed community and democratic planning to achieve it, and mixing in the poor, are you talking of public housing? Is your concept there?*

MR. HARRINGTON: No. I think in terms of a model city. I'm talking about — if that is what your question is addressed to —

MR. LYONS: *Yes.*

MR. HARRINGTON: What I'm talking about is a program that would require Federal funds to get under way, but where ultimately I would like to see all kinds of forms of ownership in such a community, including private home ownership, cooperative ownership, public housing.

All I am saying is, you have now a system where, under Title X, the Demonstration Cities Act, the Federal Government will provide money to private developers to provide planning, resources and instruction for the new town. I am saying, let the public get the same benefits the private developers get to do this, with the specific goal in mind of building a racially and socially integrated city.

MR. LYONS: *Your proposal, I agree, sounds specific, but you get stopped one step short, in my judgment, of saying how you visualize this. You still set it as a goal of direction, but you carry it up to a point and then say, "This is a specific proposal that should be done." You leave me a little bit short of how.*

MR. HARRINGTON: Let me be very frank and honest. Part of the answer is, I don't know. Part of my answer about this society is that one of the tragedies is that the society doesn't know, which is why, in addition to proposing this, as admittedly something where I can't fill in the details — no one can — it is really sad that we can't.

But I would also agree with Senator Ribicoff's proposals that we should spend \$1 billion over three years to find out how to do the things, and not just spend that money by hiring experts in Washington or anywhere else. But that we should do this at every level of society,

particularly the neighborhood, and particularly the poor neighborhood and the black neighborhood.

MRS. SMITH: *I have to ask a very brief question, sir. But I am confused about a kind of end-of-the-road democratic image, and the way you toss around the word "esthetics" and the word "beauty," because we have all had varying ways.*

I don't think by vote that you are going to find the goals, or get great designs. That is one of the most fragile parts of our formula. I would just like to urge upon you that you have a very specific program that people could respond to, and that you not use the words "esthetics" and "beauty" and confuse them, when we talk about it. We must say it specifically.

What do you mean by "esthetic"? People have to know what you mean. Do you mean adequate?

MR. HARRINGTON: I don't mean that I am in favor of the Government becoming the arbiter of the arts in the United States. I think that would be a disaster.

As a long-time resident of the Village, I am sure the Government would finance none of the things we have in the Village.

What I'm talking about is esthetic in the sense of the Plaza Hotel being torn down and the landmark laws, for example, which we have begun to use in New York for protecting historic buildings.

MRS. SMITH: *That is the answer. That is part of what Jane Jacobs is saying, that we should throw our arms around what we have. There are also those of us who must try to build this new world. Let us forget the landmarks.*

MR. HARRINGTON: I would go one step further, and I think you can have public design. I don't pretend to be an expert in the area, but apparently in Philadelphia there has been some attempt, in the center of the city, at esthetic planning.

But to get on a much less grandiose scale, I think Galbraith, for example, has said that the urban centers should require by law that all wires be put underground. That would be a marvelous esthetic contribution to society, to get wires out of the way.

MRS. SMITH: *We could spend all afternoon on this. I will leave it at that.*

Voice of the People the Answer?

MR. DOUGLAS: *Mr. Harrington, you have been a big voice for good in the country, particularly through your book, The Other America, which was really a germinating force for the anti-poverty program.*

I agree with you that we ought to have 500,000 more housing units primarily geared for low-income people under \$3,500 a year.

You speak of democratic planning for carrying this through. The facts of the case, I think, are that whenever these proposals have been put up for referendum they have been defeated by the public.

Mr. Badillo, Borough President of the Bronx, speaking this morning, was advocating a program substantially similar to yours.

He said, "For Heaven's sake, don't put it up for referendum, because it will be defeated. Have it embodied in the Constitution, which people have to accept or reject as a whole, but upon which they would not have the chance to pass."

We were out in California two months ago, and as you know the referendum in California in recent years was such that public housing has been beaten.

I happen to think that the House of Representatives is representative. I think it expresses the will of the people. The House of Representatives turned down proposals for rent supplements, and cut the requested appropriation for Model Cities to one-third of what the Administration asked. All they did provide for was urban renewal, because that is very profitable to the real estate developers, and that is sort of a sacrosanct thing, now.

But in general, I think public opinion is opposed to public housing, and it is opposed to further integration. It is opposed to open occupancy. It is against all these things which we happen to believe in.

What do you do? Do you say that the voice of the people is the voice of the people, or do you say that we know better and we will put it through in one form or another? I am afraid if you adopt the democratic principles that you suggest, that it will be a long, long time before we get anything.

MR. HARRINGTON: Sure, I think there is a great problem there, Senator. I think it depends when. I think it is obvious that the Congress that existed after President Johnson's landslide victory in 1964 was considerably different from the one that went in in 1966, when the freshman liberal class was defeated. I absolutely agree with you.

To get anywhere near the kind of program I am talking about would require a move to the political left or the liberal left, or however you want to phrase it, in the United States, and would require something like the Congress that Lyndon Johnson had after 1964 — that first Congress which did pass a lot of legislation.

In terms of open occupancy, I think that as long as the people see the question of housing integration as a competition between Negroes and lower middle-class whites for relatively scarce, decent housing, they will vote against integration.

It is precisely to avoid that kind of hopeless conflict that I think what we basically have to do in the long run is increase the housing stock to a great extent — and tie civil rights or integration strings to the increase in the housing stock.

I think you are just not going to convince white working-class families in their ethnic neighborhoods to integrate. I am for doing as much as we can. I think this much more long-range approach could solve part of that hostility problem.

I want to add that in the model city I was talking about no one would be forced to integrate at all. Everybody would volunteer to come.

The only condition for getting the Federal subsidy would be that you would accept an integrated community.

MR. DOUGLAS: What you are saying is, if you produce such a big volume of housing, then no one loses out of it. Everyone gets a chance to share in it.

I want to believe in that, but let me say, don't take too much heart from the victory of 1964.

I campaigned steadily for 60 days during that campaign. The people did not vote for social reform. People voted because they were afraid that Goldwater would drop the bomb and that we would be precipitated into a nuclear war which would destroy this Nation and destroy Western Civilization. And so they voted for someone who would not drop the nuclear bomb. That has not been dropped.

On the strength of that fear, we got a lot of Congressmen elected. I won't speak about Senators, but we got a lot of Congressmen elected who voted for a liberal housing policy and liberal civil rights. But when the issue came up in 1966, they were really defeated. We lost 47 seats, and the election was largely on this issue.

Without being a Cassandra, who I believe was a prophet of bad tidings — the Greek story of the Trojan Wars — it is going to be worse next time, unless we get something that is unexpected.

And so, if you go in for democratic planning, I would expect that we would get zero.

MR. HARRINGTON: It seems to me that unless we get a much more radical democratic situation, with a small "d" political movement in this society, we won't solve any of the problems.

Maybe we are both right. But if we are, then reality is sad. All I am saying is, if we are going to solve this agonizing urban crisis in this society, it seems to me these are the things we have to do.

I agree with you, there has to be a political movement much more dynamic and significant than we now have to get it done.

My final point would be, in the long run — and that is, I guess, the refuge of our kind to go to the long run — in the long run it does seem to me, particularly from my own experience in traveling around the country and speaking on the subject of poverty, that young people in the society, particularly the very large growing group of middle-class college youth, might eventually create a conscience constituency in American politics which could provide some leverage.

These young people, Negroes and organized workers, these generally liberal groups, have to create a very much more dynamic group than now exists. I agree with that.

MR. DOUGLAS: *If I can take a couple of minutes: I guess it is a part of old age that we get disillusioned. Mr. Harrington, you have the idealism of youth, and I honor you for it. I hope you can get support. But I think if you hold town meetings they are likely to turn out the way the town meeting in Rockaway did last night, where they were shouting down public housing officials.*

I had a purpose in this questioning of mine which is: for Heaven's sakes, don't split the progressive element of the country that really wants to get these things. Don't ride off crusading, and so weaken the already weakened ranks of those who believe in these things, where

the net result is to present a political victory to the other side on a platter.

I introduced politics disguised as housing.

MR. O'NEILL: *Senator, that is your privilege.*

Mr. Harrington, *I have a couple of points to discuss. I find myself in the strange position of differing from the Federal Government, whose efforts, as far as I am concerned, have been pretty fruitless.*

But at any rate, you said that General Electric and Humble Oil had been most audacious in their plans. I would like to point out to you that, number one, General Electric has derived nothing but publicity out of its plans, and they will never see the light of day. Humble Oil has produced for the upperclass bedroom new towns, which are not new towns at all. The same thing is true of Gulf Oil in Reston and with Connecticut General in Columbia.

The programs of the Federal Government have been, in my estimation, more audacious than those of the private companies, for a good reason.

The board of directors at General Electric are answerable to the stockholders, whose money they have invested. I don't think that you can very reasonably expect companies to perform this kind of special function, because I don't think they should, and I know they can't.

This brings me to Senator Kennedy's two bills—one for housing, and one for bringing job-creating industry into the heart of the ghetto.

I am inclined to agree with you that they won't cut the nut for people who make less than \$3,000 a year, that you cannot persuade General Motors to put Chevrolet assembly plants in the middle of Harlem and take on the job, unless General Motors can make a fantastic killing on the deal through tax incentives of whatever form.

At any rate, having said those things, I want to get to my question. It is obvious that if we are to do the job that we have to do, either with sweeping and almost, perhaps, revolutionary measures like the Freedom Budget, like \$5 billion a year—if this Committee makes recommendations that are revolutionary instead of evolutionary—we can do two things. We could recommend on a sweeping scale. If you don't do it on a big scale, don't do it. On the other hand, we could say that we will take one step at a time and go this way and this way, and gradually, in a number of years. Which form of recommendation is going to get the political commitment to do the job? We are talking about a political commitment. If we come out with sweeping recommendations, will they get any more credulity among the constituency? Will evolutionary recommendations, slow step-by-step recommendations, get more credulity?

MR. HARRINGTON: *I have two things to say. I absolutely agree with you about what the private sector new town industry amounts to. It is upper income bedrooms.*

There was an article in Fortune magazine a couple of months ago about this whole area of business. They quoted a man from American Hawaii Steamship Lines, which is in the business out in California, as saying, "The name of the game is getting people to spend their

money instead of yours." The major number of employees are book-keepers.

That is obviously not an operation that is going to solve the problems of poverty, race and riots.

Secondly, in terms of your question, I think there are two distinct functions, and perhaps the Commission has to decide which function it has. Both functions are legitimate and necessary functions. I think the danger is not deciding which is the Commission's function.

One function is to say as objectively as possible what is needed. That is without, it seems to me, really caring about the political consequences. We can say to Americans, "If you want to solve this anguish in the cities, here is what you have to do, and here are the figures."

Then there is another function — which is the function of political leadership, basically — which is to take the definitions of the needs and to translate them into political programs that have a possibility of getting legislation into action.

It seems to me the Commission has to decide whether it is an advocate for immediate reform, or whether it has the longer-range function.

I know I once, some years ago, was talking to Ralph Helstein of the Packinghouse Workers in Chicago. I was criticizing Erich Fromm. I had been at a meeting at which Fromm had spoken, and I took Ralph Helstein aside. There was Fromm, talking about alienation in the shop, and he didn't propose anything for workers on the assembly line to get them over the alienation.

Ralph Helstein said to me, "You are wrong. Fromm's function is to define the problem. My function and that of the union movement in the United States is to take his perception of the problem of alienation and translate it into contracts which will change the life of the worker at the point of production."

It seems to me the Commission in those terms has to decide whether its function is to define the need baldly, which is a function that this society needs.

I don't think we know enough, and I don't think it should be a matter of advocacy and of taking politics into account.

MR. O'NEILL: I have no further questions. Mr. Harrington, we very much appreciate your eloquent testimony. I hope that we can get accomplished in this country what you recommend.

We will next call on Brooklyn Borough President, Abe Stark.

STATEMENT BY ABE STARK

MR. STARK: It is an honor as well as a privilege to appear before this distinguished Commission. I want to express my thanks in my own name, and also on behalf of our whole community. I want to thank Chairman Douglas and his colleagues for giving me this opportunity to present a number of suggestions concerning our urban problem.

In general, it is a three-point program I wish to offer. First, however, I feel it would be a serious oversight unless at least a brief word

of appreciation was expressed here to President Johnson himself for having appointed this Commission, and for his magnificent leadership in the field of civil rights and housing legislation.

Just last year, the President won passage of the Demonstration Cities Act, the Model Cities Program, whose implementation now awaits Congressional action. Right here, I want to say as strongly as I can that it is my earnest hope that the 90th Congress before it adjourns will grant the President's request for the full amount he has asked for, for funding the Model Cities Program.

I hope, also, it will agree to his wishes for the continuation and extension of the rent subsidies program.

Condition of Brooklyn

Today I appear as the elected representative of the Borough of Brooklyn of the City of New York. Having lived in Brooklyn my adult life, and having concerned myself with its social problems, I feel qualified to speak for it. In addition, I have been wrestling with the problems of this urban core area since 1954, as President of the New York City Council, and for the past six years as President of the Borough of Brooklyn, and going back 15 years ago as Commissioner of Commerce of the City of New York.

Senator Douglas, Brooklyn is one of our largest residential centers. I am sure you know all about that. But I must add to that that it has a population of almost 2,700,000 people — larger than half of our 50 states of the Union, larger than all the Nation's cities except New York itself, Chicago, and Los Angeles. It has more than a half million school children attending public, parochial and private schools. It has an enormous housing inventory — more than 900,000 dwelling units, the largest on the entire Eastern Seaboard.

I am proud to have this home town of ours and its people. They are industrious, law-abiding, home-loving, and deeply interested in community affairs. It is a complex town, made up of all people from many parts of the world, but we all get along together rather well in spite of that.

Yet, having said this much, I must emphasize the acute problems we face. Among the most serious is the need for more and better housing, for faster and much more enlightened and effective housing construction.

For example, we have the central area in Brooklyn, including Bedford-Stuyvesant, Brownsville and East New York. Last year, a fine report said that this is the largest and most sprawling of New York City's blighted areas. It contains more than 4,500 acres. Its population has been estimated all the way from one-half million to almost 900,000 residents within the three areas.

The report pointed out that the housing stock of central Brooklyn includes more than 78,000 pre-World War I tenement units. A large proportion is seriously deteriorated and dilapidated. The report went

on to emphasize that about 25,000 dwelling-units need to be replaced if the area is to be preserved and upgraded.

Here I want to stress that since the Housing Act of 1949 was passed in President Truman's time, 18 long years ago, Bedford-Stuyvesant has yet to receive one single, large-scale, communitywide urban renewal program. It is amazing.

I just can't stress it strongly enough that we have good people; we get along together very well. We live together nicely. But if the conditions of that area were really and truthfully and honestly studied, we would all be amazed how we are sort of a happy people living under conditions of that kind, raising children under those problems that exist. But we do it, and I believe we owe the people of Brooklyn an awful lot, when you realize that with a population like that, we have probably even less problems than any other part of the country.

Shouldn't people like that be given the privilege of a contented sort of life, a happy life, the right to raise up their children properly? Every possible measure should be taken to see that some of the conditions that do exist in other parts of the country do not happen within a borough like Brooklyn.

God forbid if some sparks should be set to happen over there, what a terrible price we would pay, with the congestion and the kind of houses and the kind of sanitation that goes on. It is just bad.

But there is something good, and it is hard for me to express it. There is something very good about our town of Brooklyn, and we can be proud of it.

This, then, brings me to the program I wish to offer:

In essence and substance, it is a program calling primarily for a major shift or changeover in both the policy and type of subsidized public housing our government agencies have been foisting on our cities far too long. Year after year, we have been building solid and sprawling masses of high-rise low-income apartment buildings, many of them 13, 15, 18, 21 and more stories high. Right now there is in the making one project that proposes an apartment building towering as high as 24 stories. These have become conventional over-standardized, drab and dreary looking developments.

All of us realize, of course, that there has been an overwhelming need for more housing to be built as quickly as possible. Yet, what have these projects done for our neighborhoods and for neighborhood life?

In her famous book, *The Death and Life of Great American Cities*, mentioned here a few moments ago by the previous speaker, Jane Jacobs wrote that low-income projects can become the worst centers of delinquency, vandalism and general social hopelessness, even more than the slums they were supposed to replace.

Shift Public Housing Approach

Therefore, although I may be criticized for it, I propose a new approach, a new concept, one that offers hope for the future, especially

for underprivileged families. I propose a phasing out and the ultimate and complete abandonment of this type of publicly subsidized housing.

The new policy I propose as an alternative is one which would provide our congested, inner city areas with thousands of new garden-type apartment buildings, geared to the average family needs.

First of all, they would eliminate the need of bulldozing whole neighborhoods, uprooting families, scattering them to the four winds, and destroying neighborhood social life as families have known it for whole generations.

I have consulted with experts in the homebuilding industry, men who have accumulated years of experience in building garden-type housing. In the matter of construction costs, they have told me that this type of housing can be built at substantial savings, which is important, and which we need so badly to carry out some of the programs we aspire to on behalf of all people; that it costs much less to build garden-type housing than the highrise monstrosities that now afflict so many of our big cities. At least equally important is the fact that garden-type housing takes much less time to build. It doesn't take five years and sometimes much longer, which is now the approximate minimum for assembling sites and planning and completing the clusters of highrise apartment projects. Where the unit costs run to \$20,000, total development costs run as high as \$20 million or \$30 million, depending on size for a single project.

But there is still another important factor. It is this: Garden-type housing permits better integration, and best of all, in addition to all its other advantages, garden-type housing preserves the character of existing neighborhoods. Family life is strengthened. Families do not become strangers to one another. Socializing that is so lacking in big, monstrous projects is restored or preserved.

There are two additional recommendations I would offer. I base them on what I have observed over the years in the evolution of my own city. It has been my experience that a community is not a static, unchanging thing. On the contrary, it is a living organism. It is born and it survives. It prospers, and then conditions change, and difficulties beset it. If help comes in time, it conquers its problems. If help is withheld, it is too late; it degenerates.

Sadly enough, it has been my experience that existing Federal policies often help to doom the troubled neighborhoods. When a neighborhood begins to change, the FHA refuses to guarantee mortgages for the purchase of its homes. This bars an infusion of new and solvent families who would be the very ones who could save it. This is becoming a rooming-house area. The experts, rejecting mortgage applications, say that it is getting too heavy. Thus the pace of degeneration accelerates. Later, after the area is beyond help, there is no lack of funds for massive, low-income, highrise projects, which unfortunately only quicken the rate of deterioration. There is never a lack of funds for the bull-dozing approach, for the radial surgery of slum clearance. But the stitch in time, which might have saved the neighborhood, was not forthcoming.

Similarly, the program of low-interest repair loans has failed in deteriorating areas, because the bankers tell me the government guarantee of interest is so low that the return does not permit them to make enough to meet the rate of interest they must pay to depositors.

Make Jobs in Housing

My final point is this: In any program of housing for the disadvantaged, the poor must benefit not only from the housing itself, but also from the employment and job-training opportunities offered by the construction. It is my belief that a widespread program of housing construction must also serve to make jobs for the deprived who have the skills to fill them now, and train those who lack the skills so that they can become self-supporting.

From the long-range standpoint, such a program would be, to a significant extent, a saving program rather than a spending program. It would provide work for people now on public assistance. It would make men self-sufficient, and thereby becomes a stabilizing influence in families now being torn apart by economic pressures. It would give untrained youngsters a bright constructive future to look forward to, instead of a blackness, which is their present horizon.

In short, we will be building more than structures under such a program; we will also build individuals and families as well.

I submit that this is the promise America was meant to fulfill and that the sooner we begin it, the happier we and our country will be. Thank you, Senator Douglas, and your Commission.

MR. O'NEILL: Thank you very much, Mr. Stark. Our next witness is Peter J. Brennan, President of the Building and Construction Trades Council of New York City and New York State.

MR. DOUGLAS: Mr. Chairman, I think we are all deeply indebted to Borough President Stark for coming here. I think it is significant that, in their general purposes, the testimony of the Mayor of the City, Borough President Stark, Borough President Badillo, Borough President Sutton, Senator Kennedy, and the rest all agree on the need for a massive housing program.

I think this indicates that there is widespread political support in New York City for such a program. I only hope the influence of these good gentlemen and political leaders may extend upstate and may extend to other sections of the country as well.

I do want to thank you very much for coming.

MR. STARK: I want to thank you, Senator, and your Commission as well. I pray to God for the best interests of our country that your statement made just a moment ago is taken stock of. If we don't, our troubles of now will become amplified to such an extent, and God knows what kind of a legacy we will leave our children and our children's children. Thank you very much.

MR. DOUGLAS: Thank you.

MR. O'NEILL: You may proceed, Mr. Brennan.

MR. BRENNAN: Mr. Chairman, I am Peter J. Brennan, President of the Building and Construction Trades Councils of New York City and New York State. Our membership in New York City is over 250,000, and in the State, including New York City, well over 386,000. The craftsmen I represent are members of local unions affiliated with national or international unions totaling 18 separate crafts in the building and construction industry.

I am happy to have the opportunity to address your honorable Commission and to give you some of our views on the matters you are looking into, and to answer your questions to the best of my ability.

I realize that in the past three days you have had many people testify before you, and I realize some of our remarks are repetitious. Bearing that in mind, I intend to be brief and perhaps give the members of the Commission an opportunity to ask me questions that they feel are important to their task of trying to find a way to expedite more housing, and the elimination of slums.

May I start by saying that the building and construction trades unions in this City and State are ready and willing to cooperate with all the proper people and agencies who are honestly and sincerely trying to do something about this most serious social and economic problem. We are construction men, not social engineers. We respect the opinions of those appearing previously before your Committee. We recognize the tremendous problems facing us if we are to rebuild, rehabilitate and rejuvenate our urban areas.

We know, as you well do, that there are many problems: Housing, transportation, education, medical care, water pollution control, air pollution control, vermin control, open space control, environmental adjustment, and so many other factors which must be considered if we are to accomplish the task of making our cities livable and provide a basis for a well-adjusted and contented urban society.

We do not have an instant solution to all these problems but, I repeat, we are willing to work with and cooperate with those who are really trying to come up with some solutions.

Cooperative Efforts of Unions

It has been stated by some people that our unions resist material changes. If you look around at the buildings that have been erected here in New York City in the past 20 years, you can see the radical changes in our materials and new innovations in construction that have taken place. And I may say at this time that some of these accepted changes were at the expense of some of our trades.

We have readily accepted and adapted to hundreds of changes made by material manufacturers, innovators, architects, engineers, and have never hesitated to put these in place. Your best and cheapest rehabilitation work now going on contains many of these new materials. Almost

every building — residential or commercial — now going up has new materials and new applications in the specifications.

We know these must be used in the job we have ahead of us — in rehabilitation, new housing, and commercial construction — to rebuild our cities. Our national building and construction trades department in Washington, D.C., has engaged the Battelle Memorial Institute to determine where and what is the present and future of prefabrication, the use of new techniques and tools in the building and construction industry.

Our department was unable to get reliable figures on these aspects of the industry from government sources.

Here in New York City we are cooperating with the entire industry and the City of New York in drawing up a new building code which we hope will enable us to build more housing quickly and cheaper. We are active members of the New York Building Congress, an organization made up of every segment of the construction industry including finance and insurance.

We, too, are bogged down with some of the red tape involved in government construction, and hope that your Commission will be helpful in changing some of this. We would like to see more housing being built by private industry, but we must agree with some of the previous speakers, that we need more and better assistance from our Federal Government if we are going to eliminate the slums and help to provide jobs for not only our present members, but for those who would like to be part of our industry.

I believe, gentlemen, that I have talked long enough, and as per your invitation, I will submit some written remarks now or later. I will now attempt to answer any questions you may wish to ask me.

MR. O'NEILL: Thank you very much.

QUESTIONS BY COMMISSION MEMBERS

MR. LYONS: *Mr. Brennan, let me ask you one question. There have been in the hearings here in New York two or three comments that the new housing that is needed to be constructed in the ghetto areas should utilize local, qualified building tradesmen who are not presently employed because they supposedly can't get in the unions.*

I understand on this particular question that the Building Trades Council has been cooperating with quite a few of the various agencies, civil rights and others, on this question of existing qualified tradesmen who are supposedly denied admittance. What has been the experience?

Minority Membership in the Unions

MR. BRENNAN: What we have been doing with this problem is this: a couple of years back when it became a real issue in the newspapers, and out on the streets, we established a committee to look into the

problem — a committee made up of labor, management, and people from the minorities. We invited all of those who felt qualified as journeymen, and all of those who felt they were qualified and wished to become apprentices, to contact this committee for an interview. This was done, and I don't have the figures with me here, but it totaled somewhere around 3,000 people in all.

The committee screened them, and those that they felt had the qualifications were sent on further to be interviewed by the individual unions for apprenticeship training; and those who they felt had the qualifications as trained mechanics were sent, also, to the unions to be interviewed for the opportunity of showing their ability.

Many of these young men were put into our apprenticeship training programs through this process, and many of the qualified mechanics were accepted. Many claimed to be qualified and had credentials which were proven to be false when they were sent to the job and they could not perform. The contractor in many cases had to dismiss them, or they themselves just quit.

We have worked with the Workers Defense League, a group which came into the apprenticeship training work of it at that time. They have been working with us, and helped us to round up young men in minority groups interested in becoming tradesmen in the building industry. We cooperated with them. They trained and prepared them to take the aptitude tests. Many of these young men were then taken into our apprenticeship training programs, and many are with us. Some dropped out on their own for different reasons, which the records show. I don't have them at the present time.

We also sat down with our employers, and drew up what we call a 10-point program, which we had worked out step-by-step, where a man who was not a union journeyman, and felt that he was qualified to work on new construction, under our wages and conditions, could apply to the contractor, and the contractor was free to hire him and give him an opportunity to prove his ability.

If he proved to the contractor's satisfaction that he was as good a mechanic in the trade as he claimed to be, the union, within the seven days allotted to it under the Taft-Hartley Law, in accordance with our agreement, would have the man join the union. If he refused, he would be dismissed. On the other hand, if the union refused to take him in, and the man was qualified, he would continue to work without any interference from the union or from any pressure from the building trades or the unions.

We made it very clear that any union that did not carry out the program adopted by the Building Trades Council would not be supported by us if they were brought in on charges, or accused of discrimination, or accused of not giving equal opportunity.

I am glad to say we haven't had to expel anybody. We haven't had to bring anybody to task.

Some people were brought before commissions, and many of the charges and investigations were dismissed. This is the background of something we tried to do. Many of the men have gotten in.

One of the problems we face is that there are men who are not mechanics, but feel that they are too old to be classified — and they are — as apprentices. People refer to this as the gray area. These men are men whose backgrounds were as janitors or handymen.

And the employers — not the unions so much, but the employers — have to pay wages and want someone to produce on the job. They have felt that these men could not be taken onto a construction job, where they must be performing the same work with other mechanics and receiving the same wages.

It was also proposed that perhaps there should be another scale for them. This was looked into and it wasn't feasible, because it would create problems on the job.

A contractor who bid a job for a set price would find himself in a bind if his job was not completed on time, or if he had to do the greater part of a job over.

These, then, were some of the problems we faced. But with all of us, we tried and have been successful in bringing in many of the people who wanted to come in from minority groups who were qualified, or could be trained a little further to be fully qualified.

We called on our affiliated unions to do this. We have had very good cooperation from most of them, and I think we have made great inroads in solving or helping to solve this problem.

We realize we haven't made everybody happy, but God can't do it, either, and I certainly don't think I can compete with God.

MRS. SMITH: *During many of our hearings here, questions have been raised about how can you save money on building construction and building codes.*

Naturally, building labor comes in for a goodly share of discussion — why can't we save money in that phase. There are examples of things, too, that I find as an architect are extremely difficult in New York, such as bending steel on the job. This is a very costly procedure. Why is that necessary? There are a lot of examples like that.

I have often wondered why — and maybe it exists but I haven't found out yet — an entire community of the building trades here — in the city or the whole state — might not try to set up its own kind of research and development which would not bring these questions from us, but would point out new ways of doing things and try to study them.

There are a lot of these that look simple to an architect. Do you think, with the real demand for a tremendous amount of building that we're going to have to do, that this is a feasible recommendation or a suggestion, that the building trades look into forming their own kind of reexamination of trade practices?

Unions and Building Construction Change

MR. BRENNAN: We realize the problems, and we realize accusations have been made.

If we look at some of the people who made them, you will find that

they don't build anything. We have made many changes, and I could go on and state them. I am sure you don't want me to go on for hours, but I can go on if you desire.

We install elevators in the skyscrapers, and I would say that more than 80 percent of them come prefabricated. There is very little bending and adjusting on the job site. You must realize what this does to our industry. This eliminates a lot of men who must then go out looking for jobs in some other industry.

As I mentioned in my remarks, the City of New York, if you walk outside and look at this church, and see the different type of structure that is here, compared to what we had before the War; if you walk along Park Avenue and look at the skin-type building and ask yourself what happened to the bricklayer and stonemason — I don't want to get into that. Mr. Lyons represents the Ironworkers, who picked up some work due to those changes, and sheetmetal work. There are some other trades that also picked up employment because of the changes, but the employment they picked up was not great. I will tell you why — prefabrication.

We are bringing in, now, in the City of New York — and I'm not going to talk about the rest of the country, because I am not in a position to speak for them — but in the City of New York, they are bringing in prefabricated sections of buildings that take in two and three floors at a time. These sections are lifted from a truck and put in place by a crane. In many cases two of Mr. Lyons' men work on it. They are tied in at each end, and that is all they do. This is a fact.

I will point out one building for you to look into — the PanAm Building — which is a beautiful building, which stands out as one of the great monuments in the City, a credit to the men that built it. I might say that nine men died while building that. These were nine construction men that died. That was built four months ahead of schedule. Do you know what that means to an investor? Four months earlier they were collecting rents. The City also had it on the tax rolls four months ahead of schedule. That meant a lot of money for the City of New York.

That one building, if you look at it, has four-ton units of stone making up the building. They were not done on the site. They were brought on trucks and lifted up in place and bolted in at the four corners. Then they were pointed up by the regular process.

These are some changes that have eliminated the on-the-job work.

In that particular building we made an audit of the statistics, and it showed that it had the biggest square foot area of any building in the world. I am not speaking of height, but of square footage.

We built it with two-thirds the amount of men we would have put on that type of building 20 years ago.

MRS. SMITH: *Again, couldn't you form a local research and development group?*

MR. BRENNAN: We are doing this, but what I am pointing out, madam, is that we haven't fought this thing as we have been accused

of. If we fought this kind of building, it wouldn't have been built. We would have had restrictions and have had all kinds of turmoil.

Actually, we went ahead and built it four months ahead of time. You can question the builder, and he will tell you that he was very satisfied, as the investors were.

I mentioned that nine men died. The first man to die on the job was one of Mr. Lyons' members. One of the structures being put up, and in a freak accident had a beam that knocked it off, and one of the ironworkers was killed and six were put in the hospital for several months.

I mention this because people do not understand this industry. They think this is an industry where anybody can just walk in and go to work and that it is fine. This is why we put the emphasis on being trained and on being prepared.

I would agree with you that maybe some of the methods, where we are pressed to do some of this work on the job-site — but as far as bending rods, this is not a big job, bending rods. You are talking about reinforced concrete. Many of the rods come prepared just to be put in. They are not bent on the job like years ago.

On the outsides of buildings, they now come all in sections. We're now in the process of putting up two of the biggest buildings in the world — the World Trade Center, which you probably know well about. Each building that will be put up will be a unique building. We will be putting the buildings up in sections that will be four stories at a time. Just stop and realize what this means to our people. We put up a floor a day when it was made of structural steel. If there are 10 workers employed, and there is 40 stories, they would get 40 days of work. If it rains they have to stop work.

What I'm trying to say is, we haven't fought this, but do not ask us to commit suicide, because we don't see people in government and others whose jobs may not be needed from our viewpoint, doing this. We're not asking everybody to be fired, or to change the process in order to eliminate a lot of people. But let us do it step by step in an intelligent manner, realizing the figures I gave you of 386,000 men. This is only the men. This is not their families.

But if I read off the families that these men have — and believe me, construction workers during periods of unemployment certainly don't use the birth control pill, because we have got some very big families — when these people are home on cold days, they don't waste much time. We have large families, and these men must feed them. We don't like to have our people going on home relief, and becoming a problem to the city or state or Federal Government.

If you feel, or someone feels, that at times we are being stubborn or resistant, it is not that we want to resist progress, but we want to do it intelligently. How can we do it without hurting a lot of people?

We talk about one man or 386,000 men, but let us now talk about the millions that are involved with their families. Let us talk about the people not on the actual construction jobs. Let us talk about the fact that for every hundred men on the job site, there are 86 people

employed in factories, as long as we continue working on the job site. When you shut us down, you shut them down. These are manufacturers, furnishing equipment and material that we use. This takes in the bricks and the concrete. This has to be taken into consideration. There is no quick answer to this, by any means.

We are very proud of our work. We have been accused of a lot of things we are innocent of. We have been accused of things we are probably guilty of, as well. We say we should separate them and take the blame where we are guilty, but where we are not, let us take the credit.

Let us take this beautiful church, where people come to worship God and get some peace of mind. We built it. Some of the scalawags you accuse built this church. We built all of the beautiful highways and all of the bridges that you came on, and the airport that perhaps you landed at.

We built all the recreation areas and the synagogues and the churches. We built all of these things. We are always proud to say — and it may sound corny, but God could have been anything, and He chose to be a construction worker or carpenter. Since then He made us co-creators, and we have been picking up the ball ever since, and building. We are very proud of that.

We are human beings and we make mistakes. Some of our people don't always do the smart thing. We don't deny this, because we like to be part of the human race.

If I got off on a long speech in answering your question, I have to say this because of some of the information you may have received, as that we refused to do prefabrication. I can show you on this rehabilitation not far from here, where we agreed to do this in a place chosen by the builder. It was trucked from that place to the job site, where it was prefabricated. I would like to say this before I stop. I ask that you check with any of the builders who build around this country. There may be some on this Commission; I don't know.

Average builders have told us — we have it in written form, and we have it by speeches that have been made by builders that have built in other parts of the country. I am not saying this to knock any other part of the country. I am proud of all the construction workers. But builders would rather build here in New York City, although some of the wages may be higher, but we have what they call professional skilled men. We are specialists, like doctors and lawyers are specialists. We have men that do nothing but one type of job, and because of this buildings go up quicker and cheaper. If a tile-setter sets tile and that is all he does, you can understand that he does it much better than the man who does a little bricklaying and plastering along with it.

And so we are not fighting this. But where there are some problems as far as our future employment is concerned, we think we should be able to talk about it. This hasn't really been done in the past.

MRS. SMITH: *Thank you.*

MR. BRENNAN: I am sorry if I got off on a tangent.

Guaranteed Work Year for Construction Trades?

MR. DOUGLAS: *Mr. Brennan, one problem, of course, with the building trades is that the volume of employment is relatively low. In the North you are held back by the winter, and the total volume of construction in times past has never gone above 1,600,000 housing units. Last year I believe it was only a little over 1,200,000, not much more.*

I would like to ask you this. A number of people today preceding you have been urging that we build 500,000 more units a year, somewhere up to 2 million units a year, and that this be concentrated upon housing for low-income people, people who are really in need — your brothers and sisters, not necessarily members of unions, but your brothers and sisters, all of them. This will be a greatly increased volume of work for your people — plumbers, electricians, carpenters, concrete workers, hodcarriers and the rest.

I would like to ask you this. Suppose you could be guaranteed 500,000 units a year, with all the increased volume of employment this would bring. Do you think your locals — and I know the decentralized nature of the building trades — but do you think that your locals would be willing to change some of these trade practices which Mrs. Smith has mentioned?

We have no intention of opening all the skeletons in the closet, I may say. Would they relax on trade practices in return for a volume of employment? Would they be willing not merely to admit more journeymen, but to permit a large proportion of the added work to be done by unskilled workers drawn from groups which at present are not in any union, but which, say, on getting \$2.50, would be willing to pay union dues in the hodcarriers or the building construction workers union?

Would the increased volume of employment make the union movement in the building trades ready to remove restrictive trade practices and take in more Negro apprentices — because that is really what is the problem in the skilled trades; and to accept any large portion of the work to be done by unskilled workers — laborers, notably, in the case of concrete? It doesn't take a great deal of skill to lay side by side and on top of each other. I know that is an iffy question.

It depends on my statement that we should be producing 500,000 units. But it would help matters if we could get agreement in advance on that subject.

MR. BRENNAN: Senator, there is no answer to your question. Let me say that we are willing to sit down at any time with any responsible person or agency to go into this. I think it is much deeper than you have put it to me.

Don't get me in trouble with jurisdictions. I am not here to give away the laborers' livelihood to protect someone else. You mentioned taking in people from the poverty area to give them a chance. Why not give them a chance at the top job? Why should we bring them in at a lower rate of pay?

We are not helping them if we keep them down at the bottom. We

would just be lowering wages. This is what we would be doing if we considered this kind of move.

I must differ with you as far as putting down some of this concrete side by side. This is not easy in many jobs. If any of you want to test this, you are welcome to. I would like to get you a gallon of paint and a good brush and ask you to paint the ceiling without having it drip down your arm and on your face. Try it. And I am sure, if you have tried it at home, the wife wasn't very happy, and then you called in a good professional painter.

I am not saying this to be cute or to get around the question, but as to what you are asking me, we could just as well come back and say why doesn't a lawyer who takes a case where a fellow who gets hit with a car work cheaper than a fellow who gets hit with a bus?

I say to you, Senator, and I know you are well-intended, and I know what a friend you have been to labor, and I know when you ask me these questions you are putting it to me to sincerely try to help the cause and not to hurt it. But this has to be studied more deeply.

Five thousand units or 500,000 units, believe me, is a drop in the bucket, here. I am talking about hundreds of thousands of construction workers. At the present time we have about 30 percent unemployed in this city. It is not wintertime, but it is during the real swinging time of the year.

Again, you would have to talk to the contractors, who would have to guarantee this in our agreement. What or who could guarantee a contractor that he will win all the jobs he bids on for the next 10 years so he could keep his commitment to us?

You see, sir, this is much more complicated than some people who have come to you think, and have said that this is what they are doing to keep people out.

I say this to you. We should be doing more to help them in the minorities and to help the poverty people. I say this because I happen to be a product of the poverty people in the city. I was born in a place called Hell's Kitchen, a few blocks from here. My father had to work hard, like a lot of other people. I was raised in what they call now a slum or ghetto. At that time it probably was high-class. It wasn't too old, only about a hundred years. Probably the buildings are now about 150 years old.

But the men I represent, I want to make it clear, are not millionaires. These are men that live in some of the poverty areas or the ghetto areas. They don't live on Park Avenue. The fact that they may, when employed, make \$6 an hour, you have to figure out how many hours a year they work. When you figure this out you would be ashamed to classify them as big wage-earners.

This is a matter the government has to investigate. When we have a good year, in which a man gets, let us say, six or seven months of work, this is a big year for him. If you speak to his wife, she won't agree that her husband is a big provider, bringing home a lot of money.

Many of our men are bartending at night. I must say this is done with union permission. They are union bartenders. We have men that,

when you go into some place like at night to have dinner and they play the music, some of the fellows on the violins and drums will be construction workers who are moonlighting to make a living.

It is easy to say, "Let us eliminate or cut down the wages on some particular trade." It is easy to say, "Let us bring in the minorities on the same status as the men in there."

Let us do what we did with all the people who had problems when they came to this country, and integrate them into the building industry. They came in and worked up and reached the same level as anyone else.

I don't think it is fair to talk about setting up a slot for people who we want to help and give them a chance to go up the ladder by saying we will bring them in at a certain plateau and that is where they stay, because of the racial problem or the fact that they are not too well-trained. Let us train them, and let us also be practical. If a person does not have the ability to be trained in this industry, why try to push him into it? Why not train him or her for some other industry where they can fit in and be happy and make a living, and take the people who can fit in?

I am not trying to imply all the construction workers are geniuses who have four or five Ph.D.s under their belts, but you do have to be skilled, more than even in the past. Their fathers, many of whom were construction workers, were practical men who learned the hard way from their fathers, and learned the trade at home.

I realize minorities don't have this opportunity. It is not just the opportunity to learn, but the need to be prepared. This we want to do and are willing to do. I personally have put in a lot of time, and I am willing to do this. But there aren't too many short-cuts to bring this about rapidly in order to build houses.

I think if you look into the red tape of government, we could eliminate a lot of that to get housing going that we are blamed for holding up. For instance, why should a builder who wants to build a house go to City Hall and go to 15 different agencies before he can start the job? He has to go down and get a permit from the Fire Department, from the Building Department, from the Board of Health. He has to go around and around. This is why jobs don't get started.

Then it is a question of — if it is a government-financed job — how do you get around the red tape and politics. Let us be practical. Then the area's people don't want us to build houses. They picket and protest if a house will be built in this area.

There are many things in here that we should discuss other than can we lower wages to \$2.50 an hour. This is not an answer. It is only going backward. It will not help the economy. This will not help the people in the poverty areas to get out of the poverty areas. All you are doing is putting more people into the Poverty Club.

If we do this, I think we are in serious trouble.

MR. DOUGLAS: *I don't want to prolong the discussion. First, let me say that many of us have been criticizing governmental red tape to such a point that the government representatives who follow us around*

are really rubbed sore by this. They have great difficulty in staying with us. I heartily agree with you.

Let me say that I have known in my life very few groups giving anything away. Employers don't give things away. Politicians don't give things away.

MR. BRENNAN: That is so, for sure.

MR. DOUGLAS: *I sometimes believe that religious organizations don't give anything away. But if you can get as well as give, and get as a condition of giving a greater volume of employment in return for concessions on these points, which I don't think are basic to the labor movement, wouldn't that be a pretty good thing?*

MR. BRENNAN: We are willing to discuss it and go into it in depth, and do what we can to see if we can do any more to cooperate. We don't have a closed mind on this.

MR. DOUGLAS: *I don't know what the wage scale is for unskilled labor. What is it in New York?*

MR. BRENNAN: We don't have unskilled labor. I am not trying to be comical. The man who sweeps the floor can do more damage with that broom, if he hits live wires or gets involved in some of the complicated equipment on that job, and this is not a joke.

The fellow who sweeps the floor, or who just carries ordinary materials, the fellow with the strong back, if he isn't trained and isn't a proper person for working around, with some of the buildings, with some of the equipment we're putting in there, he can not only kill himself but do damage to others and to the property.

When we say we don't have unskilled people, what I say is we have semi-skilled men who are not journeymen as men who work with tiles, but are skilled laborers who must know their way around the job and must be able to do the job in a proper manner. These men, I would say, are getting somewhere around \$5 an hour when they get it.

MR. DOUGLAS: *The minimum wage is \$1.40 an hour and it will shortly go to \$1.60 an hour. If one could guarantee 2000 hours of work a year, that would be \$5,000 for the year. That provides for middle-class income.*

If there were other members of the family working, that would raise it still more. I don't think \$2.50, in most sections of the country, would be sneezed at. I don't want to tear down or lower the wages of the skilled workers, but I would think for an unskilled laborer that \$2.50 generally would be a very good wage. It is more than the floor workers get in most of the industrial unions, which are said to be around \$2.20 or \$2.30 an hour. You haven't closed the door?

MR. BRENNAN: No.

MR. DOUGLAS: *You would say if you could come up with 500,000 units you wouldn't refuse to come to a conference?*

MR. BRENNAN: We would like to know who would guarantee it, and how it would be carried out.

In all due respect to your great service to the country, I think you know government better than I. I ask you, who would guarantee it?

MR. DOUGLAS: *Do your best to see that the right crowd is elected and gets in.*

MR. BRENNAN: We try, but even the right crowd doesn't always play ball right. I don't know who the right crowd is, but I am here to defend the man whom I work for, and the people in this City and State, and that includes the minorities, too.

Although you may hear different, we are just as concerned with the people in the poverty areas and more so than a lot of people in the newspapers, mouthing off, because we are doing the work, and they are doing all the talking. I say, Senator, we are willing to look into it. If anybody can guarantee it, that is all right.

But I have no guarantee on my job. They can bounce me tomorrow. I don't have any guarantee.

I think that to get a guarantee that you will work for the next five years, this would be wonderful. I am sure the wives would like it, because they would know they could send the kids to school and could buy the shoes. But it is not easy, believe me. It is very tough.

MR. RAVITCH: *Mr. Brennan, I won't keep you much longer. I have just a couple of quick questions. Isn't it true that the discrepancy in the unemployment rate varies tremendously among the trades themselves?*

MR. BRENNAN: That is true.

MR. RAVITCH: *Isn't it fair to say that generally among the skilled or more skilled trades that there is not substantial unemployment in the City of New York?*

MR. BRENNAN: Well, not entirely. I would say offhand that there is about three of the skilled trades that have a fairly good employment record now. These are basic mechanical trades, which you are aware of, who have opportunities when men in the other trades do not.

In many of the trades, on rehabilitation work, they are engaged when other trades are not; so that the unemployment is bad as far as the overall picture, eliminating or taking into consideration the three or four trades that may have good conditions.

Apprentices in the Construction Trades

MR. RAVITCH: *It is accurate to say that there is a reduction or a diminution in the number of young men applying for apprenticeship training in some of the trades?*

MR. BRENNAN: A reduction? Yes, that is true, and it is for good reason, as you probably know.

For instance, the stonemasons in this city at one time numbered 10,000 members, and they now have 96 because the trade is being eliminated. Look at the buildings and you can see why.

The plastering unions have been dwindling away to practically nothing. The bricklayers, which was a powerful trade, has been changing. Innovation has been accepted in the industry. This is the proof that it has been accepted.

MR. RAVITCH: *Do you think that in the mechanical trades, where we know there is no shortage of men, there is an adequate number of young men coming into the apprenticeship training program?*

MR. BRENNAN: I would say, in those particular trades, probably more than others — even there they have problems with many of the young men staying for this reason: The men that go in for some of the trades have more education than some of the others. They compete with an aptitude test, which is guided by the State Labor Department and the Federal Apprenticeship Program. They are selected on being on the list to take the aptitude test and they are appointed. A lot of the boys have more education and more ability. They don't always stay at the trade. They may work a year or two and then decide, if they are boys who dropped out of college, to go back to college and get something more.

We had a lot of kids who heard about this \$7 an hour and thought it was better than being a lawyer or a doctor. But when they went home at night with their hands bleeding — it takes a long time for callouses to form — and their back aching, they found when they wanted to go out with a girl that it wasn't such an easy job. They then decided to go back to school and become a lawyer or a doctor. This is a fact you can check into.

This is where we say we have been bringing in or trying to bring in more from the minority group. The young person from a minority group who has an education is not too anxious to be a construction worker. I can understand it. They want to go on further like everyone else does. We certainly shouldn't discourage them. We have had some that were taken in the last two years and who left very happily. They were satisfied with the treatment they got, but they decided to go to a higher education and go into some other field.

In the mechanical trades, yes, they probably have a greater future than the other trades, because I think unless they come up with a pill, you still need bathrooms and electric lights. With everything today being air-conditioned, you will need air-conditioning units.

The trade that puts these things together I think would have a future.

MR. RAVITCH: *Practically in every city we have gone to we have heard expressions of great concern on the part of members of minority groups and their representatives, on alleged denial of jobs in the building trades.*

But we have heard from union people that opportunities are offered, that the number of applications from members of minority groups was substantially less than alleged.

Is there any mechanism, in your judgment, by which business, unions and government agencies concerned, all of which have, as you well know, a constant dialogue about this subject — and it seems to me nobody knows the facts — is there any mechanism by which we as a community, or perhaps this Commission, can ascertain once and for all what really are the facts with respect to the alleged discrimination in the building trade unions? What are the statistics? What are the oppor-

tunities? Is there anything that government and business can do in conjunction with labor, when there is a shortage of potential youngsters awaiting apprenticeship training in a particular field?

Is there some place they can go to encourage men from minority groups to say, "There is an opportunity"?

MR. BRENNAN: We have been working on that in the state. We established, as I said before, with the Workers Defense League in Brooklyn, working with the young men that are the directors of that program, and we opened an office in Buffalo, New York. We opened one up in White Plains. We are working in Rochester and Syracuse, and it has been working very well.

The people running this are members of the minority race. We can all get impatient and say that it is not moving as fast as we would like it. But I would say that it is moving on solid ground, because the people coming to the program are staying, and they are adjusting to this industry. They are becoming as good mechanics as any who have been around for 15 years or so, after they get their three or five years of apprenticeship training, according to what the trade calls for.

I think it gets back to the question Senator Douglas put about employment and guarantee of employment. I don't know about guarantees. I don't want to hold anybody to that, but if employment is up, and the demand for the mechanics is there, I would say a union would be in a tough spot to try to find reasons not to take in more people, because the jobs are there, you need men, and there is no reason for the union to say, "We're not going to take in more apprentices." They would have to go along with the demand and have to bring in more apprentices. We have been trying to do this.

Because of the lack of work prior to the New York World's Fair, I would say there was no apprenticeship program for a number of years. When things picked up they started to bring them into existence.

Now another reason we're picking up on the apprentice program — and this, of course, ties in with the work picking up — is we have established some good pension programs in our unions, where many of the old-timers who couldn't retire before because they couldn't live on air, are now retiring with their pension and their Social Security, and they can exist, or at least try to exist.

This means more opportunities to bring in more young men to be trained.

If the government wants to help in this, if they can step up some greater work programs — I mean real, sincere programs, not just lots of newspaper talk — where human beings are there making a living, and if the unions at that time find a reason to try to keep people out, then I am with you in beating them over the head, because then they have a heck of a poor excuse for not taking in people that are willing to go through the ropes. If they are willing to be union people and learn like everybody else, and are willing to carry their share like everyone else, I can't see any union officer or member in his right mind trying to stop this kind of person from becoming a part of it. If the govern-

ment can start programs, this would help. The big thing is jobs. There is no use talking about having people trained to be unemployed members of a union.

Government Red Tape

But if there are jobs — and as I said in my remarks earlier, I would rather see private industry doing more of this work than government, because private industry knows how to get things done — we can work with them. We don't run into all the red tape and all the rules and all the forms that have to be filled out by 45 agencies in Washington, City Hall, and Albany. We sit down with a private contractor. The architect is on the job. They know what they're doing. They know what they need and we start. If we run into a problem where the architect made a mistake, it doesn't take six months or two years to get it corrected. It is corrected within a week or so, and we keep on working and building.

These are some of the problems that the government has. I'm not criticizing any particular person in government. This is something that went on for a long time. It didn't start lately. I am sure some of you have great experience in this, or you know people in the business and talk to some of the contractors that won't bid on government jobs for this reason.

We have some fine contractors, and you are one of them — who don't want to bid on government jobs for the simple reason they have to go through all of this hoopla in filling out forms to hire more people. With all of the new agencies coming up, it is costing them a barrel of dough. They say, "To hell with them. We're not going to bid on government jobs."

They go in for private industry. I am asked many times, by the Mayor, by the Governor, by people in Washington, "Can we get some of what they call the real qualified, good, substantial, reliable contractors to bid on jobs?"

It is hard. We are able to get some of them. We got a big job going in Albany. It is a tremendous job. It will keep things going there for 15 years.

I was instrumental, along with the officers of our Building Employers, to get some of the contractors who wouldn't touch this with a 10-foot pole, to go in because they had certain guarantees and support from the Governor, to see that some of the things they were afraid of wouldn't happen. It worked out very well. Government should do this all around. This way, you will get the good contractor, instead of the fly-by-night guy who may not be competent to finish the job or doesn't do the job according to specifications given.

If the contractor runs into a problem, he calls the architect and says, "Listen, I can't put this unit in here, because the way you have laid it out it cannot be done." The architect can then sit down and change the plans, and then they go ahead.

But this doesn't happen with a government job. By the time it goes through all the agencies — six months or a year or two years —

the job is standing still and that part of the job is holding everybody up. This is not a fairy story, but it is a fact. We want to do all we can on minority problems. We found all this hoopla, all the people shouting from their mouths that don't know anything about it, there is no use arguing with them. Let us get the job done.

We are constructors, but we also have among us a very powerful union called the housewrecker. These guys do a heck of a wrecking job when we turn them loose.

We want to build men's characters. I am proud of this group I represent. I want to keep emphasizing that we have scalawags like everyone else, but look at the record of the construction workers as a group. Look at Vietnam.

We have a lot of good boys over there. You don't see them burning draft cards. They're solid American citizens; I am proud of them.

MR. O'NEILL: Thank you very much for your testimony.

MR. BRENNAN: Thank you for asking us to come before you. I hope I was able to answer any questions you had. If there is anything further, we will be glad to cooperate.

MR. O'NEILL: We now will hear testimony from public witnesses. We have a ground rule of five minutes for each witness, because there are so many waiting. We can't let you have more than five minutes. Perhaps if you do have written material you can take less than five minutes.

PUBLIC WITNESSES

Mrs. Boxer: Housing for the Urban Elderly

MRS. BOXER: My name is Mrs. Carew Boxer, and I want to thank the Commission for the privilege of listening to me.

I am presenting this testimony for James W. Fogarty, Executive Director of the Community Council of Greater New York. The Council is the central planning, coordinating and research unit for Greater New York's more than 1,200 voluntary and public agencies in health, welfare, and social services.

Our country is rightly disturbed about the crisis in our cities. In a time of pressing need it is important that we have the right perspective on what the crisis is, and what we formulate as broad and realistic answers to deal with them. The tendency, however, in our country has been to meet crises with short-term, immediate solutions, rather than to focus on long-range, planned cures for chronic illnesses that erupt periodically. A statesmanlike approach demands that we see beyond the realities of the moment and include in our approach planning aspects of urban problems that are obscured by the more dramatic outbursts.

There is an urgency, of course, due to the racial unrest, and there is an appalling need to liquidate slums and the blight of our racial

ghettos. However, the problem is more profound, and we cannot confine ourselves solely to this aspect of the problem.

The creation of decent, low-cost housing in good neighborhoods for all Americans must include the housing needs of all groups. It should be the right and the heritage of every child, man and woman in our affluent country — no matter what his age, color, creed or economic status — to enjoy the benefits of decent housing and a healthy environment. In a recent position statement by the Community Council of Greater New York entitled "Crisis in the Ghettos," this matter has been dealt with fully.

The Community Council, and several of its departments, has active housing committees. Today, however, as an illustration of our many concerns, I shall focus my remarks on the needs of one group, the aging.

By 1960 there were over 800,000 New Yorkers who were 65 years of age or older. If this group were a city in the United States, it would rank as the ninth largest city, exceeding the total population of Washington or St. Louis or San Francisco. By 1970, it is estimated there will be 1.5 million New Yorkers in this age group. A society which is morally responsible is sensitive to needs, even when they are not pressed upon it by persons whose only recourse in despair is to strike out in violence.

The elderly, by temperament and by the patience borne of struggle, aren't given to explosive words and deeds. The still, soft voice of the elderly is drowned out by cries of protest, and they don't riot.

After having given to society the best productive years of their lives, they indeed are entitled to maintain a dignified and independent existence.

A most elementary requirement which this premise poses is to provide decent and adequate housing. We must seek the solution to the problem of providing adequate housing for the aging in part through a comprehensive housing and planning program for the entire population. But in part, we must seek it through specific housing policies.

In the past few years, a recognition of this has been evidenced on various governmental levels. Projected programs announced have elicited hopes and great expectations. However, the efforts to implement these programs have become exercises in frustration, and we know that older people don't have time to wait.

The maze of administrative roadblocks, and the complicated intra- and intergovernmental procedures, rather than facilitating housing, have thwarted many honest endeavors. The interminable gaps between announced program and actual implementation of possibilities have created a forgotten generation.

New approaches must be found, whether in the Model Cities Program or the recent rent supplement program, or in the extension of other government grant loans and insured projects.

The experts in the city and in the other levels of government have shown that they are able to innovate a variety of programs. What is lacking is a smooth cooperation among the jurisdictions in spelling

out these plans. What is lacking is a simple formula by which those who want to build can build.

MR. O'NEILL: Can you sum up?

MRS. BOXER: To pinpoint this, let me cite a few specifics. There is an inflexible zoning resolution in our city which views all housing for aging as dwelling units for infirm and sick. This has stymied construction.

We suggest that new categories and definitions be inserted in zoning ordinances which would provide a reasonable framework within which existing government programs could be used.

There is haggling by local people. Of course, they are arriving at fiscal difficulties over the extent of fiscal exemption on nonprofit housing for the elderly. We suggest a formula, governed not by the government calculus, but by social costs, and that this become a national policy. If this means reimbursement by the State or Federal Government for the loss of taxes, let us have it.

We would also like to bring to your attention a need on a national or Federal basis, for what is an obvious omission in the Model Cities Act of a category of housing for the elderly. We suggest that within this comprehensive city program there be a separate and special section devoted to the grants, loans and insurance programs for federally assisted development of projects for the elderly.

The total need to solve our urban problem not only for the elderly but for all is evident. This crisis demands immediate action. We, in the Community Council of Greater New York, stand ready to cooperate with this Commission to pursue both the immediate and the long-range goals of really making our cities a more livable and beautiful place.

Mr. Silcott: Ineptitude of Training Programs

MR. SILCOTT: Senator Douglas, it is a pleasure to have an opportunity to make a statement before this group. My name is George Silcott, and I am on the faculty of New York University in the Graduate School of Social Work. I am President of the Association of Black Social Workers, and formerly Executive Director of Forest Neighborhood House, a settlement house in the Southeast Bronx.

My reason for being here today is to speak on behalf of those of us who are black, and who are concerned about what is happening in the urban areas, and to raise some questions about motivations for Great Society programs, and for the kind of programs that hopefully this Commission may stimulate, may encourage or may even develop.

I think what I am calling for is some genuine concern at getting at the root causes of poverty and the problems of people who are poor.

What I would like to do is have you think with me about, and look at, some of the current programs, and some of the problems that these programs face, and to wrestle with what I have been wrestling with, which has to do with what are the agendas in the programs which

indicate that the programs, perhaps, operate for some other than their stated purposes.

For example, the Job Corps Programs, which are centered to locate all over the country, designed to help young men learn trades which they can apply back in their home communities, are populated with 60 to 70 percent Negro youngsters.

These centers are located in small communities, some of them on old Army camp sites, but all of them located great distances from urban centers. Consequently, the populations around these centers do not have a sufficient number of Negro families so that anyone can conduct any kind of social or recreational programs for the corpsmen. The corpsmen have to be transported long distances to urban centers for these programs.

I would raise a question as to why one would place a Job Corps Camp in La Crosse, Wisconsin, for instance, where there are three Negro families, and some 700 Negro youngsters in that particular center.

Secondly, I would wonder why it is that in those centers that provide training in the operation of large construction equipment, they have no liaison with the unions or any kind of union program to facilitate the admission of these youngsters into apprenticeship programs.

I would also raise a question as to why contracts have been made with the various business concerns such as RCA and Packard-Bell and similar concerns, who have no experience in providing these kinds of services to young people, and what have been the gains to the youngsters under such a contractual arrangement.

Thirdly, in looking at the community action programs that operate across the country, I think one has to ask some questions about why is it that the so-called maximum feasible participation concept has had such difficulty in being implemented, not in terms of just numbers, but in terms of quality of participation, and in terms of providing the kind of technical assistance training programs that are necessary for people who heretofore have had no experience in community action, to have such an experience in any kind of meaningful way.

I would wonder what the hidden agendas are there.

In terms of manpower programs, I think one has to ask about the creative programs that reach heads of households, where Negro men are pretty much absent because of lack of opportunity and because of lack of training, and not able to fulfill their responsible roles of breadwinners in their homes.

Why can't we create good programs and outreach, so we can get these individuals involved in training and new work, and then provide the kind of process that begins to build family life, rather than tear it apart?

The kind of programs recently advertised in New York City, for instance, which call for getting women off welfare and back to work, while important, do not address the crucial question of employment in New York City.

The crucial issue is, how can you get adult Negro and Puerto Rican men to work? That, to me, is the question we ought to begin to address ourselves to, in our urban areas.

I think we need to think a little bit about the new careers program and what it is going to do, not only to the new people who come into the subprofessional categories, but what it does to professionals in these categories, and whether or not it doesn't call for some kind of pretraining of the professional who will now be functioning as a supervisor and trainer, rather than as a practitioner? If a new subprofessional person is to gain from that program, he will need adequate supervision and training from the professionals who were once practitioners.

I would like to say a word about housing, because I suspect that is really our agenda. My interest in housing has come from having served as executive director of a program that operates in three different public housing projects.

While the buildings are structurally sound, and perhaps will be there long after these people die, I think we have done very little to understand what life is like within a city housing project, a public housing project.

And so we continue to build the same kind of units, building in the very same kinds of problems, without knowing what we're doing.

I would suggest that we ought to take it upon ourselves to make a very serious study as to what happens to people who live in public housing units, what is life really like — does anything really improve.

As families move from a four-room walkup to a larger unit in the public housing accommodation, does that person really gain some of the social benefits that are necessary to make life a little more palatable? Is there a place, for instance, for that youngster to study, to do his homework, which didn't exist in his other surroundings? Are there recreational and social programs?

Lastly, with respect to housing, I would suggest that perhaps we might think of some creative ways of planning housing for urban areas. I would like to suggest consideration of airconditioning for public housing units. People who are on the streets during the hot, long summer nights sometimes find the streets cooler than their hot tenements.

I wonder what would happen if their apartments were cooled from the outside, and whether that wouldn't help keep people inside, and keep families together, and provide things for people to do in their homes rather than on the street?

In short, what I am suggesting is that we have talked a lot about programs and services to people, and I suspect that in my more cynical moments I wonder whether that is why programs are developed. When I am a bit more reasonable, I suspect, I think, that people mean well and programs are designed merely to serve. If that is the case, then it seems to me some of the issues I have raised will be addressed.

I hope this Commission will move in those directions.

MR. O'NEILL: Thank you very much.

Mr. Thabit: Planner's-Eye View

MR. THABIT: Mr. Chairman and members of the Commission: My name is Walter Thabit. I am President of the Planners for Equal Opportunity. That is an organization of professional city planners. We all work for government, or we work for consulting firms, and we are consultants.

We are every day involved in problems of urban renewal and of housing, and we were formed and dedicated ourselves to providing equal opportunities to helping advance the Negro revolution, to help minority groups in the city get a fair shake.

We would like to discuss, as briefly as possible, some of the basics. I don't think statistics necessarily tell you, really, what is happening in our cities.

We have an organization called Outward Association for Local Pioneer Assistance, which studied 20 communities in New York and found 14 of them in desperate need of help, wanting professional planning assistance because of the nature of their problems in 10 of the communities. These are the large communities, with about 250,000 population.

We found no housing programs of any substance in those communities whatsoever. Each one of these communities was either a ghetto community or in the process of becoming a ghetto community, or a community in transition, which desperately needed assistance for its housing program. They had absolutely none.

In each of the 14 communities, we found that the city was failing to maintain housing quality. These were the gripes of the communities themselves. Municipal services were poor or terrible. The city was unable to use housing programs effectively, and did not grapple at all with the social, physical and economic problems of the ghetto.

I will give you one example of what is happening: In East New York, the population went in 1960 from 85 percent white to 80 percent nonwhite in 1967. That was in a period of seven years.

In a 21-block area in East New York, 100 buildings were vacated during the seven-year period. I think most of that happened in the past two or three years. Twenty percent of the housing stock, almost 900 units, were vacated as a result of this transition.

We don't have any programs to deal with this effectively. Congress isn't doing a darned thing to help us with this problem. These are simply typical expressions, and I am sure they are happening in cities throughout the country.

Our renewal programs aren't geared toward helping. Our renewal programs displace half of the minority people, and almost a quarter of the people on the site, but don't provide the kind of housing we need. Instead, they provide for middle-income housing.

There is still an attempt to bring back whites into the ghettos. There is no attempt to bring minorities and poor people into decent housing. The indifference to this, over the past 20 years has been just amazing.

We have had 35,000 units a year of public housing for the last 18 years, and we need 100,000 units a year just to maintain the pace of deterioration, so we don't lose ground. We have been losing ground steadily for 18 years, and yet Congress did nothing about it. I think it is time Congress should change its mind.

It is starting an anti-poverty program, and then it cut it back. I am sure part of the reason for the outbreaks this year have been the very fact that it cut back on its programs.

I would like to just give you a few suggestions as to how you might change things if you wanted to really pay attention to the problems of the City.

We would increase the community action program, the anti-poverty program, and all programs which give local communities in large cities — like Harlem, like East New York and Bedford-Stuyvesant — more local power, more power to influence the decisions made by the cities, which are generally white-dominated and middle-income dominated. They don't really understand or pay attention to the ghetto areas. They must pay attention to them, and Congress must help the people to get equal opportunity, to enable them to demand it and to help them organize effectively to do so.

Secondly, we think you ought to have a program of at least 300,000 units of public housing a year, at least for the next 10 years, just to catch up where we lost over the last 18 years.

I am appalled by listening to all the programs that we have got — programs for rehabilitation, programs for rent supplement or turnkey. All these things — with \$12 million and \$20 million, and \$29 million — don't mean a blessed thing when it comes to satisfying the problems of our cities. They just are meaningless.

What we need is \$1 billion for rehabilitation. We need several billion dollars in low-rent public housing. We don't need millions. They don't mean a darned thing.

MR. O'NEILL: Can you sum up?

MR. THABIT: I have two more points. We also need new cities and new towns, and we need new cities and new towns for both rich and poor.

In this country we are going to need — and the government should think of establishing — 10 new cities with about 10 million, or 100 cities of one million each, or we will continue crowding our ghettos and continue to be unable to deal with this question.

Finally, I think we ought to take some steps to redistribute the wealth. I think if your Commission might do something, it could probably easily check how much taxes the poor pay into the Federal Government, and how much the Federal Government pays back to the poor. I think you will find the poor are probably paying more in taxes than the Federal Government is giving for the poor's programs.

You take a man making \$80 who has a wife and child. You will find that \$10 of that goes into taxes — Federal, local and state. That is excessive.

We need family allowances and decent wages. You should raise the

minimum wage. We need decent education and health facilities. We certainly need major employment programs.

I hope that Congress starts paying some real attention to the problems.

MR. O'NEILL: Thank you. Our next witness will be Mr. Rex Tompkins, then Mrs. Catherine Brooks and Mr. James H. Miller.

Mr. Tompkins: Rent Control in New York City

MR. TOMPKINS: Ladies and gentlemen of the Committee: My name is Rex Tompkins. I am here today as Treasurer of the Real Estate Board of New York. I represent private industry.

I have read with great interest all of the concern of public officials about how to get private enterprise into housing. And I think it is regrettable, and it is in part our fault, that I, so far as I know, may be the first private housing person to speak to this Commission. I want to make one or two points very quickly.

MR. O'NEILL: We have had them from all over the country.

MR. TOMPKINS: In these three days, here?

MR. O'NEILL: No.

MR. TOMPKINS: The point is this: When you start talking about urban problems, you cannot lock New York City in with the other cities in the country. You have in New York City a tenant-oriented jurisdiction. Right away, that changes all the rules.

The most dramatic example of how these rules are changed is the continuance of rent control in the City of New York, which every other city in the country has abandoned, and which has continued under the false premise and the false assertion by every public official and every elected official that there is a war-created emergency in housing in New York City.

That is the naked proof, that when you deal with New York City and its housing problems, you cannot lump it with other cities, but you must recognize that all the rules are changed, and there is a dishonesty in this city in the housing field, and that the city is living a lie. That lie is that housing policy must be controlled in terms of a war emergency, when it doesn't exist.

The consequence is that this city is destroying housing faster than any public program within the imagination could replace. I will give you just two facts that have come out of the census.

In the first place, New York City overall devotes as a percentage of consumer income between 17 and 18 percent for housing. In every other city in the country that comparable figure is 22 to 25 per cent. In the lowest income programs, the poorest people are required by the Federal laws to pay 25 percent of income for housing. Yet in this market you have a distortion, whereby the City of New York is diverting from its maintenance of private housing an excess of \$300 million a year.

And so New York City should be asked to start at home in terms

of its housing improvements. You cannot correct it by accident. Those who benefit from rent control are those who need it least.

The industry has said to the politicians, to the legislators, to the appointed officials, "Let us at least require that any tenant under rent control pay 25 percent of his income, or the market rent, whichever is lower." Furthermore, we have said, "Decontrol vacancies. There is no voter who is going to vote against you for decontrolling vacancies."

Yet no one is willing to undertake that simple test to get the City out from under the yoke of rent control.

What has happened is that private capital has been driven from the private housing market, and the deterioration which has occurred in New York City, compared to other cities in the country, is the worst of the 15 major cities. That was proved in a brief by Judge Peck, submitted to the City government, and it was blandly ignored.

But the Federal Government is now in a position of subsidizing the destruction of New York housing, and they are subsidizing it in violation of the Federal statute that no Federal funds may be used to aid housing unless there is a workable program in the city. They continue to pour funds in here without attempting to require the City to do a single thing about its destroying of housing faster than it can be rebuilt. That is the shocking situation.

It is one that is difficult for the private sector to put before the public. The *New York Times* frequently will not even state things that we offer to them. We are victims of a one-newspaper town.

And yet you, now, representing the national government in terms of your trust, a position of trust which you have to all the other people in the United States, must call attention to this situation.

MR. O'NEILL: Can you sum up?

MR. TOMPKINS: Yes, I will make one other point.

We hear a lot about the construction code in here. We hear a lot about building codes, and I have yet to hear anyone come out and say, as a practical matter — and the government, because of its influence over what building codes contain can simply do this — that it should eliminate the so-called inspection cycle with respect to unimportant violations.

Under the City of New York code, if you have a crack in a ceiling, a tenant can start a proceeding and start all kinds of trouble. It is not even anything that will endanger life, and there has to be segregation in a building code between violations which are really harmful to the community and violations which are simply nuisances.

That kind of concept must be enforced in every city. It is common here. If you want to know the source of graft, the biggest source of graft is that a nuisance complaint is better taken care of under the table than by going and meeting it in court.

MR. O'NEILL: Thank you.

Mrs. Brooks: Grassroots Action in the Bronx

MRS. BROOKS: To the Chairman and Senator Douglas: I am honored to be on the program today. I am Mrs. Catherine Brooks, and I repre-

sent the grassroots organizations and agencies in the Bronx. We are located in the Southeast Bronx, in an area of about 20 square blocks and approximately 10,000 people.

There are many things I want to say today, but we just have five minutes.

The three things I would like to touch on most are education, housing, and employment in our area.

Our organization was begun two years ago, out of a great need in the community. We were not funded until just this summer, and we received a small amount from the government. However, we feel that we have done quite a bit of work in the neighborhood, in spite of these obstacles.

During the summer we prevented a small-scale riot in the Bronx. Just the night before last we prevented another what we would term an incendiary incident on Prospect Avenue because of nonremoval of garbage. Our area seems to be the last to get the needed treatment.

In our play street we had garbage piled two cans high, and lined in front of all the buildings. This had been going on for about five days. Around the block there were two dead dogs that had laid in the street for nearly two days and had not been removed. The superintendents were all deciding to pour gasoline on all of the garbage and burn it up.

When we were in a meeting the night before last, one of the members attracted our attention to the young people who were lining up the garbage cans on the street. When we got out, the garbage cans were lined up halfway through the street. When we were notified, 166th and 168th Streets were lined with cans. They then lined them up on Prospect Avenue, which is a major thoroughfare. This stopped the buses and the traffic. This is the only thing that attracted or got police attention.

What we had been doing is calling the Department of Sanitation. We had been sending telegrams to the Department of Sanitation. We had been sending special delivery letters to the Department of Sanitation, but no one paid attention.

As a result of this, at 1 o'clock the night before last, we had to send a telegram to the Mayor to send someone; otherwise, we definitely knew there would be a riot in that area. He sent his assistant, Mr. Henry, and the riot was averted. However, I do want to say for our young people in that area, although there were 30 outsiders who came in with their gasoline cans and their bottles, our young people would not permit them to light the fire in our area, for which we gave credit to our young people, who are sometimes downgraded and said mean things about.

However, I would like to bring to your attention one fact, first of all: education in our area.

We have tried, during this summer, to give remedial education, tutorial education help to our children — over 450 children. We have found that in working with these young people, there are children who are from two to seven years behind in reading. There are also children

in our area who are going half-sessions, still, in school. Even in high school they are going only until 1 o'clock from 9:30.

As far as our education is concerned, we feel that if the Government can sponsor federally funded hospitals and federally funded penitentiaries and Model Cities, they can federally fund schools where children will be given equal opportunity to learn. And also we feel that there should be an all-day school for all children every day.

In my own personal experience, we have this one young child dismissed from school at eight years of age in April because of what the teacher thought was a need for mental care. She was dismissed from school because of her behavior and sent to Lincoln Hospital, where her mother sat with her for hours and didn't get any help. The girl is perfectly normal, because she gets loving care and understanding. We need teachers who are able to sympathize with the children and know their needs.

As far as housing is concerned, we are talking about integrated housing, and I speak for the majority of this minority. We are not concerned about integrated housing. We are concerned about adequate housing. There is rats and roaches everywhere, and no reason why we have to pay the same taxes. There is no reason why our children have to be brought up under these conditions.

As far as employment is concerned, I heard the man say a while ago that the young people who are going there for apprenticeship, they are given aptitude tests. That was Mr. Brennan. If a child cannot read, or if a boy cannot read beyond second or third grade, how will he pass an aptitude test? Not only that, but he said that those who are educated felt they would be happier elsewhere.

First of all, if they can't get in because they're not educated, and they leave because they are educated, then they have no place in the construction business.

There is another thing I want to say about the anti-poverty, and then I am finished. And that is that the big jobs have been given to people who are already fully equipped for life. They have everything they need, but all the big money is given to these people.

Some of the jobs seep down to a few of our community people. As far as the anti-poverty program, it simply has not done what we intended to do.

However, as far as we are concerned, we have been informed that we will not be funded for the coming year. We are very sorry to hear that, because we do realize and we do know that our young people today are not ready to accept this mediocrity that the Government has given to them, and we who are older are beginning to join in.

There was a time when I did not believe, personally, in demonstrations and all that sort of thing. But I find now that we have to make our voices heard. I want to thank you for this opportunity.

MR. O'NEILL: Thank you.

Mr. Miller: Self-Respect Means a Job

MR. MILLER: Mr. Chairman, Senator Douglas, and members of the Commission: My name is James H. Miller, and I am Community Organization Specialist with the Bedford-Stuyvesant Youth in Action Community Corporation in Brooklyn, New York.

I would like to say that I am indeed grateful to appear before this Commission and present to you the following statement from my agency.

The Bedford-Stuyvesant Youth in Action Community Corporation is concerned — we are concerned — about the problems facing our youth today, and even more concerned about their future.

As the Community Corporation for Bedford-Stuyvesant, we have a mandate from the people to — in a positive way — make our community a better place to live and raise our children. With this commitment, we extend our hands to all agencies, giving our help and taking theirs, so that in combined effort our community can be a better place to live. Together, we must eradicate subhuman housing and rats from our community, improve our schools, demand more and better recreational and transportation facilities.

The reasons for city decay and ghetto unrest have been well documented. They include unemployment, inferior education, insufficient training opportunities, poor housing, racial and religious discrimination, third-rate health care, inequality before the law, traffic in vice and narcotics, and consumer exploitation. However varied these problems may be, there is a question that is central to the solution of these problems and that is the question of employment and income.

Poverty breeds overcrowding, and overcrowding will destroy cities. Bedford-Stuyvesant is a typical example of this. Any attempt to discuss the problems of cities and the ghettos which presently threaten their future cannot ignore the findings of commission after commission and study after study. In essence, their reports stated that the key problem of the ghetto is unemployment.

To live with any degree of self-respect, we must work. To be without work is to be less than a man, less than a citizen — indeed, without it one hardly has an identity. A man is without function or usefulness.

Breaking the chain of discrimination in employment against the Negro and other minority groups cannot but help make our cities more livable. With income there is self-respect. However, this is not enough. There must also be a definite attempt to educate and train this vast manpower of the ghetto cities.

There must be industrialization of these areas. The planning must involve people. Industry, labor and capital — in this case it may have to be Federal — must enter into a meaningful partnership whereby the blight of poverty, depression, lack of education and inertia can be lifted from our cities. To this end, we feel Model Cities Program was designed.

Youth in Action approves the Model Cities concept as it applies to Bedford-Stuyvesant. We look forward to its speedy implementation.

We welcome the industrial park concept and expect the development of positive relationships between the planners and the community.

On the other hand, anti-poverty programs should be expanded such as to maximize the probability for successful prosecution of the War on Poverty. Conversely, to reduce support for poverty programs will amount to an attack on the remedy rather than the disease.

Men should be able to live with dignity and the hope of fulfillment in all of our cities, in any area of the United States. Only through Federal intervention and interaction with private ingenuity, and a sincere desire to accomplish these goals and objectives, can these vitally necessary improvements for our cities be attained. Thank you.

MR. O'NEILL: Thank you.

Mr. Rubinow: Autonomy of Public Authorities

MR. RUBINOW: Raymond Rubinow. I make these very brief remarks with some diffidence, since I am not sure that the Commission will consider them relevant to their purposes, but I hope they will at least constitute a footnote in your report.

Briefly, this June had seen the culmination of a four-and-a-half year power struggle in the City and State of New York over the question of the role of public authority, notably the Port of New York Authority. This particular struggle did not get the public policy attention it merited. I regret that. The press largely ignored it. The quality magazine press did do something about it.

My comment to this Commission is that I would hope that the effort that went into this struggle over four and a half years would not be lost on the national body studying problems of the city, because we think that no adequate study of the growing role of the public authorities has ever been made in the American society. We think the time is now due.

We would hope that this Commission could at least raise the question, if it is relevant to some of the planning decisions and the social decisions that are being made by what some of us feel is a rather unrestricted concentration of power without adequate democratic control.

Finally, the specific recommendation or suggestion would be this:

One of the issues in controversy in the struggle is whether \$150 million of public construction should go into the World Trade Center for a State Office Building in New York. Admittedly, this has no relationship to world trade.

There is a good body of opinion, including the Suffragen Bishop of the Episcopal Church and ministers of the Church. There are many who believe this is a great mistake to have put this non-functionally needed investment of \$150 million in an area when you are desperately looking for economic breakthroughs in other deteriorated areas.

There are some of us who believe \$150 million of public construction in Harlem, South Bronx, or Bedford-Stuyvesant would be a 50-

year landmark, and we hope such consideration may attract the attention of this Commission.

MR. O'NEILL: Thank you.

Mr. Lichter: Housing Code Not Enforced

MR. LICHTER: Senator Douglas, distinguished members of this Commission: My name is Franz Lichter. I am a Democratic District Leader. I appreciate the opportunity to appear before you.

I have neither the staff nor the expertise of those of the leaders of government who have appeared before you. But I probably have inspected more slum housing than anyone else who has appeared before you, because my area has a large concentration of the most deteriorated housing in New York.

I can tell you without qualification that New York City has been unable to administer its Housing Code. Its code enforcement programs under two administrations — a Democratic and Republican administration — for each has been a complete failure.

Some of the reasons are, as we know, the lack of Federal commitment of funds, etcetera. But part of the problem has also been New York City's failure of dedication in City Hall, a failure of dedication by City officials.

I mention this because it seems to me that code enforcement is somewhat a microcosm of the whole problem that we have had in our cities. I particularly find in code enforcement, as I find in the statements before this Commission, an attempt to always search for yet another solution.

I don't have time, and you gentlemen don't have time, nor the ladies, for me to go through all that we have had in code enforcement, where every year the Mayor or somebody else says, "If we only had another law, then we could really enforce the housing laws."

We had in New York City in 1962 a receivership law, which Mayor Wagner said would be the ultimate weapon. It hasn't been used by Mayor Lindsay. This has been the problem.

I find now before your Commission, that leader after leader — very learned gentlemen — have come to say, "What we have to do is really bring in private capital." I remember many years ago — actually not so many years ago — when we were saying, "We have to get a much greater effort by Government here."

I do hope that we are not going to bribe the rich so we take care of the poor. I don't think that the question of housing can be solved, here, by taking care of our friends in Chase Manhattan.

I think the problem isn't so difficult. It is a problem of more government effort and more government spending.

MR. O'NEILL: Thank you.

Miss Benedict: Housing Should Be Public Utility

MISS BENEDICT: Ladies and gentlemen: I must protest, first of all. I do believe that since this Commission is here to find out about urban

problems that for members of the public who are told that they could come at 4 o'clock and could testify for five minutes from the floor, to be pushed into this situation where apparently the room is needed for a service which we respect, that the hearing could not be continued in a smaller room when there is only a handful of us here, seems to me utterly disrespectful of the problems facing New York City's people.

My name is Jane Benedict, and I am Chairman of the Metropolitan Council on Housing, which is a federation of grassroots voluntary tenants' organizations, some 70 in number.

We know whereof we speak in terms of housing, because we deal with the problem daily. We are volunteers who give our time in order to try to cope with the myriad problems, some details of which you have had an indication of in New York City.

Half of New York City is under the \$6,000 income level. This is New York City's own statistics. Of that half, half again are below the poverty level, which is \$4,200 a year for a family of four. That is what we try to cope with in New York City, with a complete breakdown of housing legislation and its application, as the preceding witness very accurately indicated.

The main problem of New York City, therefore, is who needs housing most. The people who are worse housed, clearly, in any logical society would need housing most. It is the low-income housing problem which needs basically to be solved in New York City, and it is not being solved at all.

We were very glad to see in the press Senator Paul Douglas' comment about the need of 500,000 apartments nationally in the low-income housing category. I might say these could be used in New York City alone, because in New York City there are 500,000 decayed and decaying apartments. This is the need in New York City, a city of 8 million inhabitants.

We have heard much, both in the press and from what I have heard here today, of the need for enticing — and I quote Senator Kennedy — the private real estate into the low-income housing market. Yesterday I see that Mr. Nathan spoke, reading the *Times* this morning, of bribing real estate into the low-income housing field.

I consider that these concepts, on the part of the leading officials and of Mr. Nathan, and the top housing administrator of New York City, to be utterly disgraceful.

It is the increasing conviction of many people who deal day after day with the basic misery of the housing in New York City that we do not need more private real estate in housing; we need to consider public housing.

We need to consider housing as a public utility. It has become the conviction of many of us that private real estate for a long time, and traditionally since Manhattan Island was first inhabited by the white people — that having had real estate and housing at its beck and call, private real estate was the owner of the slums of New York City. Of the 500,000 decaying apartments, real estate which is represented in every legislative commission which writes the various plans, and in which

the various formulae which we have to grapple with in order to try to get public housing — and the \$20,000 limit has been alluded to for public housing for an apartment — every formula that we have to grapple with, when we talk about rent supplements, has turned out to be a frustrating box.

The reason is that the red tape which has been decried here by private real estate and those who speak for it in various capacities — those bits of red tape — have been created in just the same way that the real estate lobby had traditionally for years, both nationally and especially in New York City, opposed public housing.

The very things which are supposed to help the poor in terms of housing turn out to be frustrating, ladies and gentlemen, because they are designed to be so.

If private real estate is to get a larger share in the housing picture in New York City or in the United States, it is simply going to mean that those people who most need decent housing — and I now speak for New York — will never get it in any quantity that matters.

I should just like to say one more thing. The hope of those of us who work with the housing problems, day by day, and those who need the housing the most, is for a decent public housing program.

We are the first to criticize the New York City Housing Authority on the housing which is built and administered; but that does not mean that the concept is fundamentally bad. The concept of public housing is the only possible one for low-income people in this country, and it should be made simple and direct. The eligibility rules should not be those that take only the cream of the hard core. It should be the people who need housing who get the apartments.

If public housing functioned with a concept which led to its being considered a public utility, this would be what is needed.

While we are spending \$80 million a day in Vietnam in a war that is also becoming increasingly unpopular, it would seem to me that we had better prepare for ending that war and start putting that \$80 million a day where it belongs, in a vast public housing program, with the kind of approach which the Senator indicated the other day — using unused Federal lands of FHA and VA housing which has been foreclosed, and so on.

In using vacant lots and vacant lands and badly used commercial property, even in such crowded areas as Manhattan, where there is plenty of it, and indeed, shooting for that 500,000 units of public housing, and using the money that we're now using for destruction for construction, something could be accomplished.

Second, I must emphasize that the path which goes in the direction of enticing private real estate to take over public housing will increase the urban problems which you are discussing here a thousandfold. It will mean more insurrections, it will mean more difficulty, it will mean less housing. Thank you.

MR. O'NEILL: Thank you all. I would like to state that several written statements have been received for our study. And now this hearing stands adjourned.

(Adjournment.)

ADDITIONAL NEW YORK TESTIMONY SUBMITTED

EXCERPTS — WRITTEN STATEMENT OF JASON R. NATHAN, NEW YORK HOUSING AND DEVELOPMENT ADMINISTRATOR

You asked me to send a list of the more obvious legislative and administrative changes that would be necessary to allow Federal programs to function properly in New York City. Let me mention some of the Federal housing programs, indicate how they are now unduly restricted in their application here, and briefly indicate the changes that would be likely to increase their value in New York City.

1. *Rehabilitation Grant Program.* (Section 115.) Up to \$1,500 in grant funds is made available under this program to low-income property owners within urban renewal and code enforcement areas for the rehabilitation of their property. Eligibility is limited to property owners with an annual income of under \$3,000. Frankly, there are just so few property owners who meet these requirements that the program is of no help to us in dealing with our housing problem.

a. First, low income should be defined in terms of public housing eligibility requirements. This would certainly make more sense than the arbitrary \$3,000 limit, which does not take cognizance of such factors as family size and the differing economic conditions in different localities.

b. More importantly, for this program to be of any real assistance here, the Federal Government must recognize two distinct problems we face in New York: we are dealing primarily with (a) low-income families who rent rather than own their living accommodations and (b) for the most part with multi-family structures. This program is basically intended to improve the housing conditions of low-income families. What is really needed is to extend its benefits to owners of multiple dwellings, where the rehabilitated units are now or will be occupied by low-income families.

2. *Rehabilitation Loan Program.* (Section 312.) This program and the Rehabilitation Grant Program are now restricted to federally assisted code enforcement and urban renewal areas. They should both be made available across the board in areas designated as Model Cities areas, either federally or by the City alone.

3. *Public Housing.* An excellent example of the short-sighted imposition of national "standards" is the very serious problem created by the dollar limits on development costs of public housing. This is, in the first place, a statutory limitation on development costs on a per-room basis, which, again, is uniform for the nation and does not allow much leeway for higher cost areas. In addition, however, there is an administratively imposed limit on total per-unit development costs, for which no justification can be found in reason or in legislative history. This administrative limit is now set at \$20,000 per dwelling unit. We have been able to continue production of public housing in New York City in the face of this restriction only by building an unduly high proportion of smaller apartments. We are not providing the three-, four- and five-bedroom apartments that are in the shortest supply and for which there is the greatest need. This cuts in exactly the opposite direction from the needs of the low-income groups that public housing must serve. What is urgently needed is more units that are suitable for large families of low income.

a. The per unit development cost limit should be removed or be modified by additional allowances for larger units. It might be possible to produce the same result by a major increase in the current per-unit limit.

b. The land cost limitation should be separated out of the overall development cost limitation, if the latter is retained. In either case, a writedown of land costs (as in urban renewal) should be provided where necessary. That is, there should be a direct grant to bring down the land cost and, in effect, to take it out of the "mortgage," in addition to the extension of aid through the annual contributions contract.

4. *Section 221(d)(3)*. Right now, in order for 221(d)(3) new construction to be eligible for a Fanny-Mae "take-out," it must come in at \$17,500 per unit or less. This is a totally unfeasible figure. It is barely possible to accomplish this in New York even with the use of an urban renewal writedown and the maximum tax abatement available. The 221(d)(3) new construction will not work in New York City unless this limit is raised to a more realistic figure.

5. *Rent Supplements*. When HUD proposed this program to Congress two years ago it was designed to aid moderate-income families. Quite properly, I think, Congress changed the basic orientation of the program to make it apply to families of low income. But the administrative regulation covering this program are not only unnecessarily complex; they have the effect of placing lower income ceilings on the rent supplement program than those that govern public housing. In other words, there are families that are eligible for public housing but are not eligible for rent supplements. Beyond this, the regulations include an inflexible requirement that a family pay 25 percent of its income for rent before the program comes into effect. As you heard in testimony at New York, for a family with five children and an income of \$4,000 per year this would have the effect of requiring them to virtually forego eating in order to pay the rent. The obvious solution is to make the rent supplement eligibility requirements identical to the requirements of public housing.

6. *Subsidized Interest Rates*. Several of the more promising and more effective Federal programs rely on a subsidized interest rate. However, there are right now in New York State (and other states) constitutional restrictions which preclude state or city subsidy of interest rates. At the very least, we should be developing a program of grants to provide an interest subsidy to on-going state programs such as the Mitchell-Lama middle-income housing program in New York.

EXCERPTS: TESTIMONY OF RAYMOND GRAUNKE

Education, a long range effort, is, it seems to me, the only valid and lasting answer to the housing and employment problems. Without a radical, visionary, massively applied new approach to education, the children of today's unemployed, rioting slumdweller will be tomorrow's unemployed, rioting slumdweller — if we survive that long.

Put today's slumdweller in new housing and, in a very few years, that new housing will be the slums to be eradicated by a new commission. What gain will have been made by putting people in new housing if they still have been granted no more knowledge or pride or human dignity, so that they continue to use the shiny new hallways and elevators as garbage dumps and — yes — toilets?

The Sanitation Department can't see, let alone often get to, the mountains of garbage and trash "air-mailed" out of windows into back yards, even if it were in its province to police these areas. Further, the fancy, newly decorated street-sweeping machines are really not very efficient and are often carelessly applied at best

Do you realize that, despite the bitter protests and experiences of the past few years in regard to bussing children to schools out of their neighborhoods (in the hollow name of integration or "racial balance") this city, when it finally builds a new school (several years behind the need), still builds it in the heart of a well-defined community or ghetto? Why not build future schools on or near the more-or-less well defined boundaries *between* such neighborhoods and thus automatically achieve the desired ethnic balance of pupils without the agonies of bussing? Such site-choice might be made a condition for the granting of Federal funds for construction or other aid

My humble suggestion is this: There should be a law or laws (and financing where necessary) to provide that all children in Puerto Rico shall have a public

school education, as they do here, and to provide that English shall be a required subject, if not the official language, in all grades

Minus the language barrier, the same education problem applies to Negroes and all others flocking to the cities of the North from the cities of the South and from rural areas all over the country, where education has been faulty or denied. Certain areas of Chicago, for example, bear startling resemblance to certain areas of New York. There are the same listless groups of people sitting on stoops and on the curbs, drinking many cans of beer and strumming guitars, shooting craps, etc. The attitudes and words of the older Chicago residents about these people and the "problem" are the same as those of New Yorkers. Only the name has been changed. In Chicago, instead of "Spiks" it's "Hillbillies."

DONALD D. MARTIN: LOW DELINQUENCY IN COOPERATIVES

From Donald D. Martin, Secretary, United Housing Foundation:

When the National Commission held hearings on the subject of cooperative housing, you expressed an interest in knowing the facts regarding crime and delinquency in cooperative communities. We have been attempting to get our managers in local cooperatives to obtain statements from the local police precincts. Thus far we have only been able to obtain the one statement which follows. This statement however we believe would be typical of the situation in most cooperative developments. I hope it partly, at least, answers your question.

From Thomas J. O'Connell, Commanding Officer, 50th Precinct, New York City Police Department:

"A check of the records and a personal talk with the Youth Officer in this Precinct reveals that over the past five years juvenile crime and complaints for the area comprising the Amalgamated Cooperative Development is below the norm of the rest of the 50th Precinct.

"Juvenile complaints and arrests over the past five years average about 200 a year for the 50th Precinct. Of these 200 only three or four a year emanate from the Amalgamated Development. This represents about 2 percent of the total although the Amalgamated Development, by area and population, represents a greater percentage in the 50th Precinct.

"It is an accepted fact throughout the Police Department that cooperative developments breed less crime and lead to many community improvements. This is probably true because people who invest large sums of money in their dwellings take more pride in keeping up their investment and also the surrounding community."

JOSEPH LIEBERMAN: BANK FOR CO-OPS

. . . . Congress should authorize and set up a bank for cooperative housing. The purpose of the bank is to loan money to housing cooperatives. They should be intended for working class families at 1.75 percent interest and to middle class families at 3.5 percent interest.

For example, if families at the Vladeck Houses desired to become a housing cooperative, they should be able to borrow money from the bank at 1.75 percent interest. If the Gouverneur Gardens Housing Corp., also of this neighborhood, wished to borrow money for its long time mortgage from the bank, it ought to be able to do so at 3.5 interest. Income limitations must not be so restrictive that they force residents out into the suburbs when family incomes rise, as is the case now

EUGENE J. MORRIS, CHAIRMAN, AMERICAN BAR ASSOCIATION COMMITTEE ON PUBLIC REGULATION OF LAND USE

During the American Bar Association convention in Hawaii in August, the subject matter of a seminar was directly pertinent to the work of the National Commission of Urban Problems.

It dealt with "the intermeshing of land-use controls at various levels of government and its impact on private ownership and development of land."

Public regulation of land use has traditionally been a function of municipal government, usually performed under state enabling legislation enacted under specific state constitutional authorization or police power authority.

In the early years when municipal jurisdictional borders realistically delineated areas of population concentration, this procedure was feasible and permitted the development of land-use control from its rudimentary forms to today's more refined concepts. However, these jurisdictional borders have become blurred as a result of the rapid urbanization and population expansion experienced throughout the country since the end of World War II. Thus, the buffer areas between communities have in effect been eradicated and the jurisdictional barriers which were once functional have been rendered more and more artificial and are in fact at war with the realities of the current situation with respect to community development and population concentrations. Accordingly, a re-evaluation of traditional municipal jurisdiction in the field of land-use control is necessary and a new approach must be developed to deal with the problem from the Federal, metropolitan area, state, county, parish, etc., points of view. This re-evaluation by leading technicians in the field has resulted in the development of advanced planning concepts generated at various levels of government to control land use on a legal basis which is interrelated, coordinated and responsive to the thrust of modern land development requirements.

The growth of bedroom communities and satellite cities and towns attached to existing municipalities, each with its own autonomous zoning authority, has led to a national patch-work quilt of illogical land-use regulation which is inconsistent with the realities of modern urbanized society

PAUL A. DU BRUL: HOUSING DIRECTOR, ACTION FOR PROGRESS

My name is Paul A. Du Brul, and I am the housing director of Action for Progress, a federally-financed community action program sponsored by the University Settlement on the Lower East Side.

In the past two years I have dealt every day with the housing problems of low-income tenants living in literally desperate housing circumstances. My suggestions are a product of this experience. If they are not workable, in the terms of the committee's press release, then our whole society is no longer workable. This is not a time to tinker with traditional remedies but to take bold new steps which will avert chaos.

Public housing is the only answer to the housing problems of the poor. I mean not only traditional publicly owned projects, but programs which will be sponsored by not-for-profit agencies and people's corporations in the slums. Wherever possible, these projects should be built on vacant land and the Federal Government should supply a revolving fund which would enable the City to stockpile such land preliminary to development. Such a land bank is an absolute prerequisite for intelligent city planning, and is essential for assuring economic and racial integration.

The essence of a meaningful public housing program is not just bricks and mortar. The Federal construction allowance must be increased so that we can build adequate apartments for large families, but we must also give these families a stake in their own lives by allowing them democratic participation in the management and direction of the projects where they live

Since our cities and especially our ghetto areas face a constant crisis in housing, I think the time has come when we must begin to treat housing as a public utility. I do not take this position lightly but urge it as the only response which will effectively meet the scope of the challenge we face in housing. Such a policy would demand universal rent control, similar to that imposed during the war, and the development of national standards in relation to building and maintenance codes, zoning and development standards. I urge this Commission to take the position that decent housing is indeed a fundamental right for all Americans and that the current crisis demands its treatment as a public utility with far-reaching controls.

Finally, I would urge this commission to consider enlisting the capital of the ghetto itself in the construction of low-cost housing. Rather than chasing the

will-o-the-wisp of private investment, government should organize massive programs where the limited resources of the people could be joined to produce a major result. As an example, in New York City alone, over a-quarter of a billion dollars has been taken from the people in rent security deposits. This money is supposedly held in trust by the landlords but has in reality become a massive secret subsidy to slumlords. I propose the creation of a revolving construction fund with these monies which both guarantee the legitimate rights of the landlord and and at the same time replace blighted housing.

All of these proposals support major new public investment in housing. Such a massive program will provide jobs across the nation in every industry. It will reduce welfare and dependency, and replace despair and hatred with hope and aspiration. Let's hope that next summer in America, we can replace the slogan "Burn, baby, burn" with "Build, baby, build."

(Other useful material submitted to the Commission was appreciated and received careful consideration by members and staff.)

Philadelphia

Commission Members Present: CHAIRMAN PAUL H. DOUGLAS, DAVID L. BAKER, HUGO BLACK, JR., LEWIS DAVIS, JOHN DEGROVE, ALEX FEINBERG, JEH V. JOHNSON, RICHARD W. O'NEILL, MRS. CHLOETHIEL WOODARD SMITH, COLEMAN WOODBURY.

To provide the right of choice in living quarters and to give all ghetto dwellers an opportunity to earn a living were central topics of discussion during the first morning of hearings in Philadelphia. In the afternoon the Commission toured key renewal and housing projects in the city.

*Old Supreme Court Chamber
Independence Hall
Philadelphia, Pennsylvania
Morning, September 21, 1967*

HOUSING AND JOB OPPORTUNITIES FOR POOR

MR. SHUMAN [Executive Director of the Commission]: Ladies and gentlemen, I think we will begin. Senator Douglas will be along shortly. First of all, let me say that at each of our hearings where one of our members is from the local area, Mr. Douglas has asked that member to chair the session. Today, one of our members, Mr. Alex Feinberg, who is from the Greater Philadelphia area, specifically from Camden, and has been a most valuable member of the Commission, will chair the hearings while we are in Philadelphia.

I think it's a fair statement to say that Mr. Feinberg's ability to question witnesses is second to none; he gets to the point very directly. I'm going to call on Mr. Feinberg to take over at this time and when Mr. Douglas comes he too will make a short statement.

MR. FEINBERG: Thank you very much, Mr. Shuman. We're delighted to be here in Philadelphia and I'd first like to welcome the other members of this Commission who are here today.

Our Chairman is the Honorable Paul Douglas, and all of us on the Commission are very proud to serve under his guidance. We appreciate his devotion to this task we have undertaken and he has been a great inspiration to all of us.

Our witnesses this morning are Dr. Leon Sullivan, Mr. Morris Milgram, and Mr. Morton Lustig.

We are very happy and very honored to have these gentlemen here today and we look forward to hearing their testimony. When you have completed your testimony we will ask your permission to subject yourself to questions from the members of the panel.

I also want to announce that, upon the conclusion of our formal witnesses' testimony, the floor will be open to others from the audience who desire to testify.

Dr. Sullivan, we'd like to start our agenda with you today.

STATEMENT BY DR. LEON SULLIVAN

DR. SULLIVAN:¹ I want to thank you very much for the opportunity to testify before your panel.

Unwritten Alliance on Discrimination

An invisible band surrounds the colored population in Philadelphia, as well as the large urban centers of America. It is an invisible band that is formed out of prejudice and out of a misunderstanding of minority groups. Just as a band around a balloon, when that balloon is blown up, will cause that balloon to explode, so the invisible band around the colored population of Philadelphia and the invisible band of prejudice and discrimination around urban communities all over the country — if it is not removed — will cause an explosion far greater than anything we thought possible.

It is a condition that will occur out of a natural process of events. It will make the Watts situation seem like a firecracker. Premeditated methods are being used, as you all know, to keep colored people, Afro-Americans, out of the so-called white suburban areas or our large cities. Real estate brokers working in cooperation with landholders and house owners have devised unwritten methods for keeping communities white.

There is an unwritten alliance between real estate offices and firms, mortgage companies and banking institutions and insurance companies and, to a lesser degree, with the person who owns the property — because the economics of the situation make it unfeasible for the person who owns the property to keep a property for sale too long.

A year or so ago a wonderful young family from our congregation went to the Northeast to look at new houses that had just been built. They walked through the sample house and no one was there in any of

¹ Pastor, Zion Baptist Church, Philadelphia. Born in West Virginia; educated at West Virginia State College, Union Theological Seminary in New York, Columbia University; B.A., M.A. in religion Doctor of Divinity, Doctor of Humanities, Doctor of Law. Named one of the Ten Outstanding Young Men in America and Philadelphia; recipient of Freedom Foundation Award, Philadelphia Award of 1966, 1967 William Penn Award.

the rooms. They were leaving the house and decided to open a door in the foyer — it was a closet and the salesman was hiding inside! This is a fact.

Every device is still being used, in spite of everything that has been said and done in terms of equal occupancy opportunity, to restrict colored people from moving on the same basis as others into all-white communities. This is an unwritten alliance, I say, between some real estate brokers and bankers and insurance companies. For example, I read a few days ago about how insurance companies are going to put a lot of money together to help redevelop slums. What they should do is put a lot of money together to insure mortgages of Negroes moving into all-white communities. Because you can develop all-black ghettos. You can build palaces and still maintain black ghettos. So the concern has to be not only with rehabilitating what is called the ghetto, but also in making movement possible for colored people into any section of any city with the same right and with the same ability as any other American citizen — as Americans, not as Negroes.

I repeat — the insurance company plan to invest in ghettos is wonderful, but it only goes halfway. The other half would be if insurance companies would insure a billion dollars in mortgages for colored people who want to move into all-white communities. And if they only go halfway they are not really solving our problem yet. In lieu of that, if insurance companies do not do this, the only way you are going to have integrated housing is when a big pot of money — that's as simply as I can put it — when a big pot of money is made available from unconditional sources for any individual who needs it to buy a house.

We do not want all-black ghetto palaces. We want the same opportunity to move as anyone else. There is another way, though. And if none of these other ways I suggested are opened up, then this way will happen because of the push and the need for it. If this kind of resource is not made available either from private or public sources, then the community itself will have to get a pile of money together. And that's as far as I can take that. Others indicate it is altogether possible to do this.

People's Pots of Money for Housing

There is a great deal of activity these days that isn't written about much or known about much but is happening in the colored community itself in utilizing its resources to build homes. Four years ago I took 200 members of my congregation and asked them to invest 10 dollars a month for 36 months so that we could set up a pot — not government pots or insurance pots but people's pots of money — to prove that it could be done even without any of these other sources. A self-help program of new housing and rehabilitation.

I asked for 50 members of my church to respond and that Sunday 200 responded. In 36 months we had gathered enough money to build

a million-dollar apartment complex in Philadelphia (called Zion Gardens) on Girard Avenue, utilizing government loan regulations. The regulation indicated that the building would be 100 percent financed because we were a nonprofit entity, but already we have had to put \$75,000 into that nonprofit building. We could do it because the people had gotten a people's pot of money together. We have still more money and we're going to build one every year for the next 20 years with the people's resources.

There was an apartment house where Negroes weren't welcome. So we took our pot of money and bought the apartment house and now Negroes are welcome. We did not wait for the insurance companies to do it or anyone else. We took it out of our own pockets. I only experimented with it to prove it could be done with a small controlled group. And we could do it on a greater scale whenever we determined that we wanted it or that it was desirable to do it.

There are new methods that are being tested and that are proving viable. But essentially these are the kinds of things we're doing.

MR. FEINBERG: Thank you very much, Dr. Sullivan. Now Mr. Morris Milgram¹.

STATEMENT BY MORRIS MILGRAM

MR. MILGRAM: I am happy to be here to testify. I've been a housing developer for 20 years and the sum total of my experience is really this: Nothing is impossible in the field of human relations and housing and getting people to live together. I came to Philadelphia in 1947 to learn how to build housing in order to develop integrated communities, after I realized there is an unwritten law in the United States that all new housing and virtually all decent housing outside ghetto areas is for whites only.

After learning the business, in 1952 I retooled to build only integrated communities and developed two in Greater Philadelphia, in one of which Dr. Leon Sullivan bought a house and was my neighbor for some years — Greenbelt Knoll, where I now live. This is a community of 19 single-family houses in the \$20,000 to \$30,000 range in Philadelphia's Northeast. It's surrounded by park on four sides, with a two-acre private park for the 19 families.

This was our second development. The first was Concord Park in Trevoze, Bucks County, Pa. This consisted of 139 \$12,000 houses. Both were sold out, a majority to whites, a minority to Negroes, something that the real estate industry of Philadelphia had said was impossible. I'm glad they said it was impossible, for I knew that couldn't be true. Had they said it was very difficult, I might have believed them and given up.

¹ President of Planned Community, Inc., and manager, Mutual Real Estate Investment Trust, pioneer housing development operations devoted to racially integrated housing.

We made 6 percent a year for our investors, who put up \$150,000. We found out you could make a reasonable profit developing housing for all. We then were invited to Princeton, New Jersey, where we did two developments — about a million dollars' worth of housing, selling for \$18,000 to \$26,000 and up. There we made 7 percent a year as a capital gain for the investors, who had put up \$135,000.

As a result of this successful integration and in response to requests from Chicago, Pittsburgh, and elsewhere, we formed a national company. This company was called Modern Community Developers, and now, by merger with a subsidiary, is called Planned Communities, Inc. Adlai Stevenson hailed it at our founding dinner in 1958 as a "most intelligent idea." We were working in eight states when we hit a major roadblock in an all-white suburb of Chicago, Deerfield, Illinois, which took our ground away for public parks, even though our two sites were a block apart from each other, on opposite sides of the street, and even though they had voted twice that year that they wanted no public park.

We fought it in the courts for four years with noted counsel led by Adlai Stevenson, Newton Minow, Willard Wirtz, Joseph L. Rauh, Jr., John W. Hunt, John Morris, and others, and lost. In June 1963 the U.S. Supreme Court declined to hear the case. The result was that we reconsidered our technique of developing integrated housing. Our board had been strengthened by the addition of Eleanor Roosevelt, Willard Wirtz, Chester Carlson, the inventor of Xerography, and others. Seeing the handwriting on the wall, our board in 1961 voted to stop building, because we had not only had this public battle in Deerfield but several quiet Deerfields where ground was zoned against us to keep Negroes out of areas even as friendly as the metropolitan area around our great city of semi-brotherly love. It was in a suburb of Philadelphia that we had a similar experience almost simultaneously with that of Deerfield.

So we decided we would buy existing apartment houses in good neighborhoods, far from areas of minority concentration, and open them to all people. We found the first one in Washington, D.C. in Glover Park near Georgetown. That was in 1961. We took title in April, 1962. And although a Social Science Research Bureau poll showed that 16 percent of the whites said they would move away if any Negroes came, and 10 percent would consider moving, not a soul complained, not a person moved away, and the building has been paying better than 6 percent cash flow average for the last five years, tax-free due to depreciation, with additional tax benefits.

Good Management Key to Integrating Housing

The success of this venture led us to buy others. We bought a second building in January of 1964 — the Highlands, on Connecticut Avenue, twice the size of our first building. The Highlands, with 145 units, had a similar experience. The whites did not move away. Nobody

raised the issue of race. And we found that the basic problem of developing integrated housing is good business management, not race.

It's true we do have to keep an eye on racial change; but that's not the key problem.

We bought our third property — 415 units — in Silver Spring, Maryland — Rosemary Village. This is at 1901 East-West Highway, just across the district line in Montgomery County, and south of the Mason-Dixon line. Our friends were frightened that terrible things would happen when we integrated south of the Mason-Dixon line. Nothing happened. It's true that six white families did move away, giving integration as the reason, over the first few years. But that's all.

Race is not the basic problem. We have integrated the building. There are 50 Negro families. Rosemary has 415 garden apartments and town houses. All activities are interracial — nursery school, swimming pool — and race is not a problem.

As a result of the successful integration of these three communities in the Greater Washington area we decided to expand this work nationally. In 1965 we set up the Mutual Real Estate Investment Trust, taking advantage of the law passed by Congress in 1960 that gave tax advantages to real estate investment trusts if they acted like mutual funds and were "passive" — that is, they owned property but did not run it.

The result is that the investor in a real estate investment trust is not subject to the double taxation which he has in a corporation. In addition, a real estate investment trust can give tax-free cash flow to its investors, sheltered from taxes by depreciation.

In February, 1966, we registered a \$4.6 million stock issue with the Securities and Exchange Commission. To date \$3,500,000 has been bought by 4,200 people, including some wonderful folks in this room. We bought half a dozen buildings in New York, Virginia, New Jersey, and Illinois. The last one, in Illinois, is under contract, titled to be taken in January. Just last week we took title to one in New Jersey, now being integrated.

The first four have been integrated. Nobody got excited. Nobody moved away. In one of them — in Virginia — when a newspaper broke the story before the first Negro family moved in, seven families moved on account of the stereotype, five just before the Negro family moved in and two just after. But since that time things have been quiet and in that building in Arlington, Virginia, and in the other buildings of our first four, we have no vacancies, and integration is not a subject of any complaint.

Business with a Social Goal

The Mutual Real Estate Investment Trust is a business, not a charity. It's a business with a social goal to show the housing industry by example that integrated housing really works. And we are having an effect gradually. Entrepreneurs do talk to me about it, people who own only one apartment house and who are terrified that if they open

it up they might lose everything they have. What we're trying to do is buy a batch of buildings in each of a group of major metropolitan areas, to show again and again and again that integrated housing really works.

Foundations have started investing on a small scale. The Marshall Field Foundation is in, and others. Several dozen churches; some unions, including the American Federation of Teachers, nationally; some churches, including the Church of the Brethren, nationally; and two colleges, including a Unitarian theological seminary, the Starr-King School for the Ministry, Berkeley, California, and St. Xavier College in Chicago.

I have here some specific recommendations I'd like to make to this committee, based upon the 20 years of work I've been doing in this field. First, we must get the housing industry to change its practice of exclusion of minorities, a practice which Leon Sullivan did describe quite accurately when he spoke of the unwritten agreements. Getting the housing industry to change its practice of exclusion of minorities — which includes Negroes, Puerto Ricans, Mexican-Americans, foreign-born, American Indians, and in many places, Orientals and Jews — is sharply limited by the modest amounts of investment capital that moves into the field of truly integrated housing. If the billion dollars recently promised by the mortgage banking industry to rebuild ghetto areas were to be matched by a similar amount from corporations, churches, unions, pension funds, foundations, and universities, to buy good-quality apartment houses far from the ghetto and open them to all, it would give far greater hope to ghetto residents and it could start changing the patterns of the Detroit and the Milwaukee of this country.

Right of Choice for Living

I agree with Leon Sullivan that just building palaces in the ghetto is not enough. Sure, it's important to rebuild the ghetto. But simultaneously you must establish the right of people to live where they please, in houses they buy or apartments they rent. Such a fund could be raised by the new Urban Coalition. It could be raised by the university presidents if the great universities would together only try to do it.

And if some of these apartment houses could be converted to 221(d)(3)'s, with 3 percent mortgage money and limited-dividend ownership, some rents could be lowered. Many residents of the ghetto could be helped. There are many apartment houses in the suburbs of Washington, D.C., for example, where the rents now, without 221(d)(3), are \$100 or so a month. And they could be lowered if 221(d)(3) were made easier to apply by several techniques which I will get into in a moment.

What the American minority groups want is acceptance, not a hand-out, or exclusive concentration on the patching up of often outmoded

structural forms and obsolete streets patterns. The white suburbanite lives in areas with modern schools and buys in pleasant, modern shopping centers at prices lower than those charged in ghetto areas.

My second recommendation is a need for ethical commitment by individuals and institutions along the lines of the *Ode* of Ralph Waldo Emerson, sung at Concord, July 4, 1857, four months after the Dred Scott decision.

"Go put your creed into your deed, nor speak with double tongue." Congressman Donald Fraser of Minneapolis heads a movement to do just that in the field of housing, the National Committee on Tithing in Investment, which includes religious leaders and others of all faiths.

This is a committee which urges individuals and institutions to invest about 10 percent of their capital to open housing to all people. It also urges people to vote with their dollars for housing open to all when they change their residence. Tragically, the average Negro or white who believes in integration in housing unwittingly votes with his money for racial segregation in housing, in the rush to find convenient shelter when he moves to a new area.

Incidentally, I may say, Senator Douglas, he also generally pays more for his housing in that great rush, and frequently ends up, if he's in the Washington area, in an all-white section of Virginia from which Negroes are excluded, and then shamefacedly tells his Negro colleagues that when he moves he'll sell on an open basis.

Thus I urge the need for the tithing movement's new fair housing pledge now being circulated nationally. This pledge was developed because a Philadelphia Negro minister told me how, seeking integrated housing, he found an apartment in a building in Germantown that was 40 percent Negro. He was aghast that the landlord made it 90 percent Negro in three months. I asked him to tell me about it:

"There are 22 apartments in the building," he said. At that point I stopped him. "You mean you changed it from 40 percent to 45 percent Negro by your own move-in?" He said, "Yes." Then I said, "Other people with similar desires to find integrated living gradually made it 90 percent Negro." He said to me: "Nobody explained to me that if a Negro wants fine, integrated housing he should *not* move into an integrated area." Well, that is the fact.

So this led to the development of this new fair housing pledge with the aid of Congressman Donald Fraser and others. The pledge reads:

Recognizing that deeds speak louder than words in developing equal housing opportunity, I agree (a) to become a sponsor of the National Committee on Tithing in Investment, an educational agency based on the idea that one's funds can be an eloquent voice to help end the terrible silence of the decent in housing; (b) To try to invest a reasonable portion of any capital I influence in the development of open housing; (c) That when I change my residence, if white, to *try* to find housing on a block where Negroes already live; if Negro, to *try* to find housing on a block where Negroes do not live, far from areas of Negro concentration.

Some of the finest residential areas of virtually every major city in the country are becoming ghettos — gilded uni-racial areas — sometimes because the average white man, when he moves to the city, ends up in white suburbia, even though he's a devoted leader of fair housing

in Boston or some other city. And the average Negro, looking for integrated housing, thinks it's perfectly fine to buy in a place that's 40 percent Negro, not knowing that six friends of his may be simultaneously thinking of coming to the same area. So in very short order, some of the fine integrated neighborhoods of Dayton, Ohio, and Philadelphia and other cities gradually become Negro ghettos, unless people start to vote intelligently with their dollars.

Thus the pledge says "if white, to *try* to find housing on a block where Negroes already live; and if Negro, to *try* to find housing on a block where Negroes do not live, far from areas of Negro concentration." For whites this means not a ghetto, not a slum, but a block where at least one Negro family does live.

I don't suggest this as a simple solution. There are no panaceas. Scores of different programs need to be recommended by this committee in line with the President's request for some revolutionary ideas to solve the problems of the cities. But the key to any successful operation starts with one man — yourself, and what's in your own heart, and where you put your own money — and whether you talk a good line and fail to live it.

Ghettos will continue to grow as long as the vast body of Americans who are opposed to apartheid, including fair housing leaders, white and Negro, when seeking shelter, rush thoughtlessly to buy or rent, creating or strengthening uni-racial areas. Ghettos will not cease to grow until a great flow of private investment capital of individuals and institutions moves into deliberately planned efforts to develop open housing far from areas of minority concentration.

Need More than Token Investment

Point three: Tithing in investment should be combined with an end to tokenism in investment. It will not help a great deal if the great universities, some of which have hundreds of millions of dollars in capital, should suddenly start to put \$10,000 apiece into integrated housing. The real need is for the great universities, the great churches, the great unions, to have the courage to put sizable amounts of their capital to work to change the ghastly future prospect of apartheid in the American cities in which their institutions are located.

Yale has a dismal future in New Haven, which will probably have a Negro majority by 1980 unless major changes occur, or we open up the suburbs to all people. Harvard has a similar problem it has to face. A Louis Harris poll recently showed — and this is my fourth point — that ghetto residents named discontent with housing as the major source of their unrest. I recommend that banks, insurance companies, mortgage lending agencies, who want an end to the kind of explosions that occurred in Newark and Detroit, should change their lending policies to give longer-term mortgages and higher maximum amounts to apartment house owners far from ghetto areas who have shown in practice that they really rented their houses to all.

In other words, if two apartment house owners want to refinance an existing mortgage, the one that has by whatever means kept free of minority groups — *Negro-rein*, the way Hitler wanted to make Germany *Judenrein* — and that's exactly what they do in New Jersey, New York and many other states — the one who does that should get a smaller and shorter-term mortgage on a refinancing.

The other apartment house owner who has in practice — not in theory — opened it up to everybody, should get the longer-term and larger mortgage. This will help our society achieve equal justice and help to avoid the explosions which will make our cities even more unlivable.

Point five: Similarly, HUD should change its policies, seeking legislation if needed, to enable apartment house owners who have integrated far from ghetto areas to convert their companies to limited dividend companies with 3 percent, 221(d)(3) mortgages, without the 20 percent rehabilitation now required, since many properties now need far less than 20 percent improvement. Thus good-quality apartments can be bought, integrated, and then rents cut when the interest rate is lowered with Federal aid, to bring poor people out of overcrowded central cities — both white and Negro.

A Foundation for New Towns

Sixth point: There is need for the creation of a new frontier in American life to give hope to countless thousands in depressed and ghetto areas. Specifically I recommend that a New Towns Foundation should be set up by act of Congress, as a federally-funded, nonprofit agency authorized to accept tax deductible gifts of land to establish new towns and to buy such land.

Such land should be planned for new towns to be built by private enterprise around a specific industry or a group of related industries, or they should be built by government. A TVA could be set up, as suggested in earlier testimony to this committee by Michael Harrington, the head of the League for Industrial Democracy, to show that new cities really can be built on an integrated basis.

Some of the land in these towns should be offered free to families willing to use their own labor to complete shell or prefab houses that are now available commercially. May I say that there are vast amounts of land in the hands of private families. I know of one family that owns 700,000 acres of land in northeast California. I know of another family that owns several thousand acres 50 miles from New York City, which they bought for a few hundred dollars an acre not many years ago. And in my opinion these people can be persuaded to give some of this land to such a foundation, getting the tax advantage of the gifts, and getting the increased value of the land they hold, as the population grows in the new towns.

Seventh and last: Federal, state and city fair housing laws are urgently needed. But the key to opening housing to people of modest means lies also in the hands of millions of individual investors — of

everyone here in this room — plus the great corporations, the foundations, the churches, the unions, the pension funds, the universities who, if they put their investments behind their oft-stated belief in democracy in more than token form, can change the unwritten law that Leon Sullivan and I talked about — that virtually all decent housing is for whites only.

Thousands of apartment houses are kept all white, despite laws, partly because their owners are terrified about what might happen if Negroes moved in. If work like that of our company, M-REIT — which I like to believe stands for “morally right” — which buys and opens housing far from ghettos, were vastly expanded, the shelter industry could be shown that open housing works on a business basis.

MR. FEINBERG: Thank you very much, Mr. Milgram. Mr. Morton Lustig.¹

STATEMENT BY MORTON LUSTIG

MR. LUSTIG: I'd like to talk particularly about the relationship between central cities and the suburbs, on three points especially. One is zoning; the second, public housing; and the third is financing.

Zoning As Economic Segregator

Among the kinds of controls that are available for building and development, zoning is the one that is primarily used to carry out an economic segregation policy. Building codes in the suburban areas, on which I'm not terribly good, seem to be based primarily on the National Board of Fire Underwriters Code and the Building Officials Conference of America code. Suburban subdivision ordinances, with which I am familiar, basically are not developed so that they are terribly restrictive in terms of their controls.

However, both the building code and the zoning subdivision ordinance can be used in threat to stop builders that communities don't want. Harassment is possible, and delay is possible. The enforcement process is the one that can be used primarily to create delay and to make it virtually impossible for a builder to function. I know of one situation in which the literal enforcement of a subdivision ordinance was used to stop an avowedly interracial program on a rather tough piece of land, with the kind of provision that would have been waived elsewhere.

But let's get back to zoning, because I think that is the crucial control. In the Philadelphia metropolitan area after World War II, much of the building went on at modest density because it went on in the older suburbs, most of which were sewerred. As soon as the builders

¹ City planner, associated with Fels Institute of Local and State Government, University of Pennsylvania. Co-author, with Dorothy S. Montgomery, of an analysis of governmental trends related to planning in metropolitan Philadelphia.

left the sewered areas and went to on-lot sewage disposal they began to increase the size of lots. They did it modestly at first, ran into trouble, and increased the lot more; and the municipalities applied the large-lot standards to their zoning ordinances.

When the school costs began to pile up, municipalities picked on large-lot zoning as a good technique for reducing density and for restricting the kind of housing to that which only wealthier people could afford. Most of the zoning ordinances in the outlying suburbs in the Philadelphia metropolitan area now do not permit rowhouses, do not permit twin houses, and have requirements of half-acre and acre-or-larger lots.

I have a map from a report prepared in our office (which I will leave with the Commission) which shows the zoning in the Philadelphia metropolitan area on the Pennsylvania side. I can give you some figures and I'll leave the figures, too. For the land which was open and developable for residential purposes in 1959, only 5 percent was zoned at less than a quarter of an acre average lot size. Another 10 percent was zoned for a quarter of an acre. All the rest of the open, developable land was zoned for half-acre lots and larger. Obviously these lot requirements meant that there would be no rowhouses and no twin houses.

A second zoning technique is one in which apartment houses are either forbidden in the local ordinance or are permitted on special exceptions. The regulations for apartment houses are generally developed so that they try to force high-cost, high-rent apartment units; garden apartments are discouraged in favor of elevator-type apartments to force the price up.

Some of that is in the regulations — density and so on — which tend to force higher buildings rather than spread buildings. Secondly, the regulations are frequently written so that each apartment developer has to negotiate with the community in order to get in at all. He negotiates either to get a zoning amendment because there is no permitted area zoned for apartments in the community, or he negotiates in order to get a special exception because the zoning ordinance does not permit apartments outright. In both cases the negotiation process is one of trying to bid up the price or cost of the apartment structure in order to limit the number of people who can come in at lower cost.

None of the communities, of course, permit the construction of rooming houses or of small, efficiency-type apartments, which would take elderly and poorer people.

This policy of restrictive zoning, of large lots and low density, forces up all costs of government, but spreads them out over more units. Take a development laid out for quarter-acre lots, and an equal area laid out for one-acre lots. The costs of putting the sewers in the streets would be about \$450 per lot for the quarter-acre lots, and \$1,000 a lot for the one-acre lots. The cost of installing water lines and fire hydrants would be about \$1,000 a lot for the average quarter-acre lot and \$1,900 for the one-acre lot. The difference between the quarter-acre and the acre lots just for those two capital investments is almost

\$1,500. It's the developer who would have to pay that \$1,500 more on the price of a lot.

The governmental costs for maintenance, repair, police inspection, street lights, and all the rest, are also very much higher. They are spread out over a greater number of communities, however; so each one is interested primarily in protecting itself.

Another consequence of the large-lot zoning policies of the suburban municipality is that it tends to separate the area in which jobs are increasing rapidly from the place of residence of the people who might fill those jobs. The biggest increase in jobs in suburban areas is not manufacturing — it's in the non-manufacturing or service area. And a very large segment of that is in the expansion of retail trade that goes with all residential development. That's exactly the kind of activity and business that takes low-skilled and untrained people far more easily than manufacturing; but the low-skilled and untrained people are far away from those developments and are not likely to get public transportation.

There may be some public transportation to major suburban industrial concentrations where a lot of jobs are piled together, but there is not very good public transportation from the cities to the suburban areas where the retail and the many kinds of low-skilled occupations are being created.

Expand County Zoning Power

Among the possible remedies, in our area at least, is to expand county zoning power. At the present time counties have no effective zoning power in Pennsylvania or New Jersey. In New Jersey they have none by statute. In Pennsylvania they have none because, although the law says that the county may zone, if a municipality has zoning, its zoning takes precedence. So, effectively, if a county tries to zone in a metropolitan area the municipality can zone it out.

To change this situation, counties should have authority to zone all county land. If this tends to be a little too radical a legislative change, then (except for very large municipalities of 50,000 or more) let the county do the zoning, and let the county review the zoning in the large municipalities. The idea here is to get municipalities big enough to have mixed populations. As it is now, even if government officials wanted to zone reasonably in most suburban communities, they couldn't do it because they are in one-class communities and they would be out in the next election.

Another possibility, if we can't give the county zoning power, is to require county planning. County plans in both states now are optional and not mandatory. Let's make them mandatory and then require that municipalities, when adopting zoning ordinances, conform to the general provisions of the county plan on the allocation of land uses. These county plans would also be required to provide a housing balance by income group and by type of housing.

Another possibility is to develop standards, possibly by ranges, requiring any community doing planning or zoning to provide housing for moderate and low income families in some reasonable proportion to the number of jobs they think they can get on the land that is zoned for commercial and industrial purposes. The great game in the suburbs today is to encourage industrial and commercial development because it pays taxes and doesn't have children.

I think we could make a requirement that would force them to have some balance between housing and the people who are going to fill the jobs. This would be a kind of ramification of Charles Abrams' proposal in California. His notion is that the people who work should have the right to live near their places of work.

Finally, the Federal Government could be very helpful by making a major change in the 701 policy. The 701 planning grants¹ at the present time are almost so juicy that municipalities can't afford to pass them up. It's at a point now in the suburbs where a government that is not interested in planning (and only partially interested in zoning) can be politically embarrassed by not taking the Federal hand-out for planning and zoning. They spend the money, get the plan, don't use it, don't care about it; but they have to do it because it's cheap money and they're not smart if they don't get some of it.

I would like to see the policy changed to give major financial support to counties and the larger municipalities — particularly those that have full-time staff — and reduce the support for the small municipalities which are not likely to do as good a job anyway and can't keep the plan alive after the Federal money is spent.

Increase Public Housing in Suburbs

On public housing: In Pennsylvania and New Jersey, public housing, outside the major cities, is in miserably short supply. In New Jersey, it's up to the municipalities to provide public housing and not very many of them do. It's not a popular program. In Pennsylvania, only cities are permitted to have their own housing authorities. All other municipalities must operate through a county housing authority, but the county housing authority has no initiative, no power to provide public housing, without the consensus of the local community.

The result is that if the City of Chester or the City of Philadelphia has an overwhelming problem in rehousing people from urban renewal areas or, in the course of events as industrial locations change and jobs change, they cannot build public housing outside their own boundaries. And the communities that don't already have a substantial number of low-income people, and especially a substantial number of Negroes, will not accept public housing.

The public housing in Delaware County is concentrated in Chester; in Darby which already has a large Negro population; and in Chester Township, which is also a predominantly Negro community. In Montgomery County, it's in Pottstown and is very largely a Negro public

¹ Grants to assist urban and mass transportation planning (Housing Act of 1954).

housing project. Bucks County is trying to get one started and this will be a segregated, ghetto-style public housing project if they carry out the present plan.

So my suggestion, at least for consideration, is that we give counties and large cities the power to provide public housing. But counties would provide housing on their own initiative and under their own authority and control without waiting for municipal consent. I still think that would make a lot of trouble on big projects but I think they might be able to handle this if they would deal with small projects, projects for the elderly, leasing of used houses, and the turn-key and scattered-house programs both new and old. There would be a possibility of providing a substantial increase in the amount of public housing in the suburbs. In addition, picking up a recommendation of the Philadelphia Community Renewal Plan, the State should be given authority to build public housing where it's needed if the counties and local communities refuse to build.

Third, I think that we should push very hard for the rent supplement and remove the provision for a necessary concurrence on the part of every municipality in which the program is applied. Obviously, this is intended to permit municipalities in the suburbs to exclude the application of rent supplements in those areas. If we can't get away with removing all protection for the suburban municipalities and still get the program funded, then perhaps we could use some other method like establishing a rough limit — maybe 5 percent of total housing units — as a maximum that could be involved in the program for rent supplement.

I turn now to the tax problem. This is crucial. The big differential between urban and suburban municipalities, particularly Pennsylvania, is not the school cost, it is municipal cost. Let me give you some figures. Using a tax rate per \$100 of market value of real estate — combining all taxes, not just real estate — Philadelphia in 1964 had a municipal rate of \$3.10, a school rate of \$1.30. In Pittsburgh, municipal \$2.70; school, \$1.20. In other smaller urban communities, municipal \$1.60; \$1.60 for schools. In suburban townships, 70 cents for municipal costs; \$1.60 to \$1.80 for schools. The combined rate for the suburbs, \$2.30 to \$2.50 against market value. In Philadelphia, \$4.40, in Pittsburgh, \$3.90.

So the big pressure here is the difference in the municipal costs, and these are primarily for protection, health and welfare. Suburban communities, and even the small urban communities, give only token services in the areas of health and welfare. They of course provide an enormous amount of money in the school area.

Tax Revenue and Education Costs

The second problem. Urban schools have a much more difficult educational job, but how much more difficult is perhaps not so much appreciated. In a study made in our office in 1964 for the Philadelphia

and Pittsburgh school districts, we compared the educational problem in urban versus suburban areas, using an achievement test standard of uniformity across the board. This is a measurement of the percentage of children who are more than one-half grade behind the norm at the sixth-grade level.

Philadelphia, which has about 12 percent of all Pennsylvania's public school students, has 40 percent of the low-achieving students. Pittsburgh, with 3½ percent of the total number of students, has 9 percent of the low-achieving students. The other urban cities — the smaller ones in the State — with 10 percent of the total students, have 17 percent of the low-achieving students. The suburban communities, with 49 percent of all students, have 8 percent of the low-achieving students. The rural areas are just about evenly balanced, with about 26 percent of total and of low-achieving students.

Now, the reason this makes trouble is because our subsidy system doesn't take account of these two factors:

The subsidy system counts every child as a child. It makes no different allocations for suburban and urban areas in terms of the difficulty or the cost of educating children with different achievements and abilities. (I don't mean native ability, but ability that arises from the environment.) Some idea of the cost of doing this is in another figure. With help from Pittsburgh and Philadelphia we got the costs on what it would take to provide the additional programs which the low achievers in the urban areas need — things like smaller class size, two meals a day, study hall in the evenings, better counseling, services to connect the school with the parent, and so on. There were perhaps 15 programs that we were considering — none of them very radical. The cost per child to provide these services — including capital and carrying charges — was \$1,000 per low-achieving child. Philadelphia had about 95,000 low-achieving children, so we were thus talking about \$95,000,000. The school budget at the time was \$140,000,000. There you have some judgment of the scale of the problem of finance. That's not reflected in the subsidy system.

Secondly, the subsidy system treats all communities as if the money available for educational purposes were equivalent in each community. It takes no account of the fact that the taxpayer in the urban areas has a much bigger municipal bill to pay and has less in his pocket for school requirements. The recent change in the Pennsylvania subsidy system takes some account of this by giving a bonus to urban areas. But it by no means reflects the real difference in the pressure on money in suburban versus urban areas.

From the Philadelphia Community Renewal Plan again, school costs were estimated for the period 1965 to 1983 — that sounds like a strange time period, but it's 18 years, or three six-year capital programming periods. It's expected from what the School Board was estimating last year — and they are probably estimating higher this year — that their costs in that 18-year period will increase by 160 percent. If they hold their tax rate where they are now, tax revenue will increase by 50 percent.

The difference between needs and resources for Philadelphia schools by 1983 is in the order of \$200 million. We see no place to get this kind of money except from the State and Federal governments in the form of massive subsidies, and assistance probably will have to come substantially from the Federal Government, if it's going to meet the needs.

Tax Assessments Too Low

There is one more little piece I'll put in here because it's important in the way local urban areas are affected in the assessment system (outside of places like Philadelphia). In Delaware County, Chester city is assessed at about 30 percent of market value. In the county as a whole the assessment rate is 25 percent. The City of Chester has the highest assessment ratio of any community in the county, although it has the most desperate requirements.

For the six largest townships in Delaware County the ratio runs from 27 percent down to 22 percent. These are 1963 figures. Looking back a couple of years before that, Chester's ratio was going up; the county's ratio was going down. In the other suburban communities there was a very small increase in one, and all of the others went down. This means that Chester is carrying a larger and larger proportion of the county tax, which applies at a uniform rate for all municipalities.

I think the same kind of thing happens in all urban areas partly because the housing market increases the cost or the value of housing in the suburban areas, but assessments are unchanged. Assessors in most of the places that I'm knowledgeable about do not make regular adjustments in the assessment rolls to reflect changing market conditions. (My house, which cost \$15,000 in 1952 was assessed at \$3,000 and it's still assessed at \$3,000.)

In the urban centers, however, the values are not rising and in many cases the housing values are decreasing. But there too the assessments don't get changed. So the ratios change in favor of the suburban municipalities and in the disfavor of the urban municipalities. We need a great deal more pressure on effective assessment systems.

The last comment is perhaps not so much urban-suburban as it is one that has grown on me over time. I think that in trying to solve the housing problem we are focusing very strongly on ways to make housing cheaper. I think that's fine. But I'd like us all to pay very much more attention to the problem of raising income. This is true of low-income people generally and it's especially true of the Negro population.

If incomes could be raised then the market would produce the housing, and people could choose where to live a lot more effectively than if we have to use devices to put subsidized housing — especially interracial housing — out in the suburbs and places where people can not afford to get to them.

I also hope that in the future, when we have new programs to improve housing and to strengthen conditions for the poor, the Federal

Government will be somewhat more humble about its claims for the speed with which the programs can be put into effect and the speed with which they can produce results. If we've learned anything in urban renewal and public housing and the other major programs in the past, it's that we do not get quick answers. It takes time.

And if there's anything that has created a mess in the Economic Opportunity Act and the Model Cities Program, it's the enormous pressure, the strident cries to get into the act quickly, and the assumption that miracles can be worked in a year or two or even in five years. I don't think it can be done that way and I think the government should be more realistic.

MR. FEINBERG: Thank you very much, Mr. Lustig. Prior to going into our question period, I wonder, Dr. Sullivan, if we might impose upon you to tell us something about the programs which we know you are deeply involved in and which you have literally spearheaded here in Philadelphia, with the thought in mind that there is so much more to the big problem than just bricks and mortar. Would you tell us a little bit about your activities in the Opportunities Industrialization Center?

Developing People Along with Skills

DR. SULLIVAN: I'd be very pleased to do so, thank you. Yes, I believe that you cannot rehabilitate cities without rehabilitating people; that you can build buildings, but unless you build people, the buildings will deteriorate; that however much effort you put into providing places for people to live, unless the people themselves have a capability — mentally, morally, and in skill — then in a few years you'll be right back where you were before.

Because I know also, as was indicated in the statement of the last speaker, that you cannot integrate suburbs with relief checks. It is vitally important that training and preparation programs, on a massive scale, are implemented within every urban center where the problem exists — which means every urban center in America.

Because there were no manpower training programs that were reaching the people who needed it most — and even most of the manpower training programs that were being developed were jokes, in terms of reaching those people who needed the skills — training programs had to be developed by the people, of the people, and for the people. A program led by the people, so that the people themselves would believe it was their program, thus promoting a motivation to get people into the training program to help them help themselves.

The Opportunities Industrialization Center (OIC) was a program designed to start without government funds, because I believe that whatever is done in America must always move away, as far as possible, from government-controlled support. I believe that the government must assist in promoting and assisting causes that the people cannot do themselves. But we must always move toward helping people to be

capable of being self-dependent, thus easing the load of government, thus maintaining the democratic process. Otherwise, we move towards other forms of government which I do not espouse.

Therefore, OIC was developed. It was a people's program to meet a problem which existed. It had to be a program tied to industry, because to train a man for a job that doesn't exist frustrates him all the more. It had to be a program to train men for jobs that they did not hold before, even where integration had come. Because unless a man is capable of taking advantage of a job that exists in industry, integration is not enough. Integration without preparation is frustration.

In an old jailhouse here in the middle of Philadelphia in the year 1964 I developed OIC. Since that time there have been seven centers set up in Philadelphia to train people, with the cooperation of industry and with the support of the Office of Economic Opportunity. Sargent Shriver is one of our greatest supporters (and he is doing an excellent job with the resources he has) and the Departments of Labor and Health, Education and Welfare also cooperate.

We are able now to train several thousand young people a year in their jobs. We have already trained 3,500 men and women who are working in jobs. This added \$13 million is new purchasing power to the Philadelphia economy and saved the Commonwealth of Pennsylvania more than a million and a half dollars a year in tax revenue which would have gone to relief checks. We have 7,000 people on the waiting list. The program has now spread into 60 cities in North America and they are developing programs now in Senegal, in Kenya, in Nigeria, in Puerto Rico, in the Virgin Islands, and in Korea. A program that began in an old jailhouse here has perhaps become the manpower voice of the colored man in America and the manpower voice of the masses in America — in some of our programs, such as Roanoke, Virginia, one half the student body is Anglo-American; in California one-half the student body is Mexican-American, Spanish-American, Chinese-American; in Seattle, a large number of our students are Eskimos.

So the program has taken on a kind of total American scope, to the extent that Sargent Shriver speaks of it as being an "American solution to an American problem." The OIP program is one step in a training effort to amass skills for many people who have not had skills, people who never finished high school; 98 percent of them are in the poverty category, 13 percent of them were on relief.

But now we've added to OIC a program called Adult Armchair Education, where we are able to reach the motivating, self-help philosophy down deep into the community and actually triple what we are doing in skill training in any given center. The Adult Armchair Education program meets in homes — 150 homes in Philadelphia — every night, where 6,000 people over a 12-month period will be getting some inspirational, motivational, pre-job training that will motivate them into OIC, into adult education programs in the schools, into technical schools, and if they do not go into schools, motivate them

into community organizations to help develop the communities where they are.

The idea, therefore, that in the next few years it is impossible to touch a maximum number of people to promote community change, we have proved is not true. We have capabilities and mechanisms and techniques now that the people themselves have devised to reach a minimum — if we had the resources — of one million people a year in job skills training.

For the cost of 10 superbombers we could train in America — from the street to a job — 100,000 men and women who have been in poverty sectors.

It's a very exciting thing. We're developing leadership all over the country. Because, as I said, you can't integrate suburbs on relief checks. You integrate them with men and women who are able to afford a nominal house, and are on a nominal job situation, which is no more than nominal whites have been doing nominally ever since there was a country.

MR. FEINBERG: Thank you very much, Dr. Sullivan. Gentlemen, we will now begin the interrogation by members of our Commission. I'd like to ask Senator Douglas if he has any questions.

QUESTIONS BY COMMISSION MEMBERS

MR. DOUGLAS: *I've been very much impressed with the testimony this morning because in the main it deals with the barriers to the movement of Negroes into the suburbs of Philadelphia. This is something we have found in virtually all the cities of the country. It's not unique to Philadelphia. See if I understand the testimony.*

Dr. Sullivan says that real estate agents in the suburbs overwhelmingly refuse to refer Negroes to houses which they might purchase or might rent. Am I correct on that?

DR. SULLIVAN: That's correct. Also, corporations that build new housing developments overwhelmingly will not rent or sell to them.

Mortgage Drought for Integrated Housing

MR. FEINBERG: *Mr. Milgram, I understood you to say that lending institutions will not lend or grant mortgages to Negroes who might qualify on the ground of income. Is that true?*

MR. MILGRAM: I hadn't put it exactly that way, but basically there is no question in the minds of knowledgeable people that by and large it's harder for apartment houses which are integrated to get good mortgages than ones which are all white. There is no question that there are many areas where it is hard for a Negro to get a mortgage. The situation is extremely complicated because it's very difficult to prove many of these points.

MR. DOUGLAS: *That's just our difficulty. We get general statements and general charges. And when we make these statements we will be challenged unless we can produce specific evidence. I wondered if the two of you could give us confidentially statements with some specific support to them on these points.*

DR. SULLIVAN: I'll be very happy to. Senator, I was the one who mentioned the mortgage situation. There's no question that even in instances where it is easier for a so-called average white person to procure mortgage assistance in buying new housing, an above-average colored person — in terms of education — cannot get it. The problem is, Senator Douglas, that his problem has existed so long that people in the colored community who might want to move have been so dejected, and feel that it is so useless, that they don't even try.

The methods have broken the spirit of many young colored couples who might want to move into other communities. From my colored point of view, this is something we have to do, we have to encourage these people to go anyway, and to keep going, because if you don't go, we'll never get anywhere.

MR. DOUGLAS: *Let me ask Mr. Lustig a question. You spoke of the zoning requirements which, by excessive size of the lots, prevent poor people from going into residential suburbs. I take it that this is a general disqualification of poor people, not necessarily confined to Negroes as such. Is that true?*

MR. LUSTIG: That's true.

MR. DOUGLAS: *Are there any zoning requirements which specifically make it difficult for Negroes?*

MR. LUSTIG: None that I know of.

MR. DOUGLAS: *Now, this is a very sensitive question but we must deal with it. There are very few integrated communities which stay integrated. The normal process of transition is from a segregated white community to an integrated community; then the whites move out and Negroes come in. It's hard to tell which happens first; the two happen simultaneously. And it becomes a segregated Negro community.*

This, I think, is what frightens a great many white people. It so happens that my own community in Chicago — the Hyde Park-Kenwood community — is the only large community that has remained integrated, and it's only been done with a great deal of labor. As white families move out an effort is made to replace them with other white families. There's no formal quota as such but there is recruiting and I suppose, in the backs of people's minds, an attempt to maintain a balance.

There seems to be some critical percentage in a given locality, differing among localities, that when the percentage of Negroes rises above X percent, integration goes out the window (in the eloquent language of Frank Hague) and segregation sets in. How do you deal with that, Mr. Milgram?

Integration without Quotas

MR. MILGRAM: We used to use quotas at our first few integrated communities to keep a majority white, minority Negro. We originally set a quota of 45 percent Negro in our first integrated development because we had made so many sales to Negroes already. But what we have discovered since is that the quota is actually in the way. The quota is not needed to keep a community integrated. What's more important, we find in the apartment house developments that our companies have, is a concern on the part of management, (a) to exercise care in the location of the community — we buy apartment houses far from areas of Negro concentration; (b) to provide good services and to recruit from the entire population, to reach the white community and let them know there are apartments available — not selling it as integrated housing but as fine-quality housing at the right price.

This is how, without quotas, we've achieved integration in the apartment house development we're involved in around the country. There is one which is racially and economically integrated in a redevelopment area of downtown Providence, Rhode Island. We have used 220 (5¾ percent) and 221(d)(3) (3 percent) money. There are no quotas, but despite that it is well integrated: 85 percent white, 15 percent Negro, with actually a slightly higher percentage of Negroes in the more expensive apartments.

MR. DOUGLAS: *Excuse me, I don't want to bring skeletons out of the closet, but this is an important subject. You remember that in the Deerfield case, in which I was wholly on your side, the Federal judge found that you restricted the number of Negroes to 25 percent, and therefore ruled that you did not come into court with clean hands, that you were practicing segregation yourself, and that in practicing segregation you could not protest if the city of Deerfield tried to set similar but more rigorous standards than you did.*

Now, I thought he was very captious and (between ourselves) thought he shouldn't have given the kind of verdict he did. But he gave it and it has been used against you. What do you say in reply to this?

MR. MILGRAM: Judge Joseph Sam Perry used as major evidence of our not coming into court with clean hands the fact that we had admittedly used quotas in the Philadelphia area at Concord Park and Greenbelt Knoll. We had not established a quota in our plan for the 51-unit Deerfield development. The only thing we ever said relating to that was that we would not sell all our houses to whites and that we would not sell all our houses to Negroes. We think that the Village of Deerfield, which by various stratagems had managed to keep 100 percent white for many years, was obviously the one with the quota — they had a zero percent Negro quota. And we had used the quota in Concord to include the Negro in the housing market.

MR. DOUGLAS: *There is an irony about this. The Village of Deerfield copied the practices of the Township of New Trier, which includes as its leading community Winnetka, and another community, Glencoe — a most liberal, high-scale income community — and these communities*

pride themselves on their broad racial position. But in the past, when Negro families moved in, they took the land and made it into public parks. So Deerfield was merely copying the practice of these liberal communities, these wealthy communities along the lake front.

You get this. You get whipsawed, Mr. Milgram, in all directions. The more militant Negro organizations criticize you because you try to maintain racial balance either with an explicit or an implicit quota. You get whipsawed by the segregationists because you introduce Negroes and they are very happy to find any flaw in your armor. By adopting a virtuous attitude they can always find good reason for adopting a bad argument — which has become a tendency of lawyers and politicians!

MR. MILGRAM: Actually, as a result of the Deerfield case, we did drop quotas. We found that they get in the way — not only because they were used by the government in Deerfield against us, but because basically the key thing in developing integrated housing is a respect for the integrity of the personality. We do not ever turn away anybody from our apartment houses on the basis of race. We accept everybody who qualifies.

In the one case in all our 10 apartment houses we have now where we temporarily found heavy Negro demand for a brief period, we then used this technique of cutting down Negro demand: We frankly discussed the problem with the Negro applicants and told them: We are processing your application; you have the apartment if you want it, if you qualify. We are, however, giving you a mimeographed list of all the apartment houses in the area which are open to everybody. Some of them have lower rents than ours, some higher, and some may be more convenient to your job. Look at them. If you're not happy with them, come back and you can have an apartment here.

Where we have done this — and we've done it only when Negro demand has been temporarily high — with few exceptions Negro applicants have found housing at lower cost or higher cost or more convenient to their work. This has helped our specific community from becoming a ghetto. But we do not turn anybody away on the basis of race. We do not let our imaginations go any more to an exact percentage or even an approximate percentage and we don't discuss percentages in staff or with our customers in promising them a majority white status.

We tell everybody that we rent to all people and we find that virtually none of the whites that come to our development raise the issue. They have taken for granted that integration is coming in American life and in most of our apartment houses we've never had a single complaint about integration by the tenants.

DR. SULLIVAN: I think you point up the capability of America to meet the challenge. You've done much more than anyone else in the field, I think.

Senator Douglas, there is one thing I'd like to say about this — not to dramatize it or glamorize it — but I think there is one thing we all realize, that one of the root causes of the whole problem is not eco-

nomic; it's the fear of social mixing. The problem of the children mixing, sexual connotations, and so forth, relationships between neighbors — this is part of the American myth about the differentiations between the colored community and the white community, the colored male and the white male, etcetera.

This sort of thing is never spoken of. It's never talked about in committees. Strangely enough, in the South there is more capability for integrating communities than there is in the North, because in the South most of our communities had some form of integration. Many of my cousins are white. Half of the colored community have white cousins, anyway, and most of this emerged out of the South. In the North we have built our white communities and we're not ready for it.

But I think the fact that people now realize integration will come is one thing to our advantage. The problem is, we can't wait, because of the explosive nature of the situation. Education is so vitally important. One reason OIC is important is that the more a man recognizes the values of life and a sense of his own inner dignity, the quicker the relationships in a community go from the negative to the positive. Education is a key to many of these forces. And education is a key to the fear of social mixing, too, in one respect.

MR. FEINBERG: Thank you. Professor DeGrove.

221(d)(3) Projects Requires Seed Money

MR. DEGROVE: *The testimony was rich and productive of a host of questions, but I'll confine myself to my 10 minutes. Dr. Sullivan, I was interested especially in your initiative to raise a pot of money to develop rental housing, and you said you plan to continue to do so. Has this been done mainly under 221(d)(3)?*

DR. SULLIVAN: Yes. The first project that we built with this pot of money was 221(d)(3), which was calculated to be a 100 percent financing program. For a million dollar situation you needed 2 or 2½ percent — about \$25,000 — and you would get it back, we thought. Then, when we got into things, we found that you need more than front money — you need some real money. The idea of a nonprofit 221(d)(3) is an impossibility, the way it is established now.

You need front money in order to get started. You need real money when you get going. And you need end money when it's over. So that nonprofit institutions who think they can develop 221(d)(3)'s with no resources at all are under an illusion. And that's the reason even nonprofit groups going under 221(d)(3)'s need pots of money. Ultimately the money will come back, maybe, but that's not our experience yet. This is why the whole 221(d)(3) legislation has to be looked at very carefully.

Take a simple thing such as a tax regulation. The 221(d)(3)'s in the city of Philadelphia carry the same taxes as other property. Good. I want to pay taxes. But built into the calculation of the tax load is an

estimate of \$16,000. When you come to the end you have to pay \$24,000. And you have to have taxes for a whole year ahead. Which means I have to get \$24,000 cash to put up, even to make settlement. So, again, it's an illusion to think that 221(d)(3)'s can be made with no money.

MR. DEGROVE: *Where in the city did you locate this first project?*

DR. SULLIVAN: On Girard Avenue. It happens that we have whites in our project. Everything I do is integrated.

MR. DEGROVE: *I know you don't have a quota system, but how did it work out in that respect?*

DR. SULLIVAN: I don't believe in Black Power or White Power; I believe in American Power. But there's some good black power and some good white power.

No, there is no quota, but we do have whites in the program.

MR. DEGROVE: *Just a few?*

DR. SULLIVAN: A few.

MR. DEGROVE: *What kind of rent levels do they come in on?*

DR. SULLIVAN: Rentals are very low. For an efficiency unit it starts at around \$75 and goes up to \$110 — for a two-bedroom, living-room, dining-room, bathroom area.

MR. DEGROVE: *Have you done many three- and four-bedroom units?*

DR. SULLIVAN: No. Only two-bedrooms. And incidentally, we have found that the most needed area is the two-bedroom and the three-bedroom. We have several hundred people on our waiting list for two-bedroom units. We are now totally occupied. We have about 1,000 inquiries for 100 units. So the need is there. And it is low rent. But I'm saying that it cannot be considered nonprofit. It's not a "no money" situation.

MR. DEGROVE: *Well, it also isn't low rent in the sense that a man with an income of \$2,000 a year —*

DR. SULLIVAN: It's middle income. That's where the rent supplement program comes in.

MR. DEGROVE: *Have you used the rent supplement program?*

DR. SULLIVAN: The next ones we build will have the rent supplement built into them because many people we want to help cannot afford \$75.

MR. DEGROVE: *Mr. Chairman, I have several other questions and if we have time I hope to ask them later.*

MR. O'NEILL: *Dr. Sullivan and Mr. Milgram, I'd like both of you to address yourselves to the present provision in the rent supplement plan of asking for a 5 percent equity in the nonprofit. Isn't that the present position in the appropriations bill? What effect will that have on your operations?*

DR. SULLIVAN: From my standpoint, it would kill them. It happens that in our situation we would be able to afford the 5 percent. We can afford it only because we have 650 people investigating \$10 a month for 36 months in the Sullivan pot. So we have the money. It's a people's investment program. But I think it's the only one in the country. What can the ordinary, nonprofit church group do in this

kind of situation? It would kill them. It would knock them completely out of this program.

MR. MILGRAM: I agree that this would cut down sharply the amount of groups who would come into the program. I think Leon Sullivan was right in raising the point that it's a fiction that you can do 221(d)(3) without money. In our experience we did a combined 221(d)(3) with 220 (in Providence) and whereas all budgetary estimates showed that we could do this project with a quarter-million dollars cash, it ended up with \$2.3 million already invested — and we're still in the middle of the project — for an \$11-million job with 480 garden apartments and a 90,000-square-foot shopping center.

This is 221(d)(3) and 220 combined. But if we had not had tremendous local support, we could not have kept our heads above water in Providence.

DR. SULLIVAN: May I say something on that? I want to temper what I said. Community groups, citizens groups like mine, would perhaps be knocked out of it. But you have institutions like the church denominational groups and union groups that have funds. They would be able to do it. So the program wouldn't die. But I'm talking about the citizen participation and citizen ownership plans. These groups would be seriously affected. The program wouldn't totally die. I do want to temper what I said before.

MR. O'NEILL: *Morris, let's pretend for a moment that the project in Providence would be all 221(d)(3) rent supplement. Would the amount of money you have in there cover the 5 percent rule?*

MR. MILGRAM: Yes, it would cover it and more. The 5 percent rule would not hurt us. We went in expecting a 10 percent figure as a limited dividend corporation and it turned out we had a lot more than 10 percent.

MR. O'NEILL: *Dr. Sullivan, just one more question. What kind of foot-dragging did you encounter in the FHA processing of that job in Philadelphia — or didn't you encounter any?*

DR. SULLIVAN: None. I got complete, overwhelming cooperation from FHA. Overwhelming. As a matter of fact, they were way ahead of me in some points, trying to pull me along.

MR. DOUGLAS: *As a long-time critic —*

DR. SULLIVAN: You've got to have a group that's ready to go, in order for FHA to go with them. When you get a group that's ready to go, they not only want you to go, they help you.

As a matter of fact, we knew nothing about housing. You know who taught me about housing? The FHA. Their people came and sat down with us, showed us step by step, monitored everything we did, protected me from our builders. I didn't know anything. I know now. They have just been great.

MR. FEINBERG: *Thank you, Mr. O'Neill. I want to make one comment, however, in case it was lost. The Senator asked that it be noted on the record that, as a long-range critic of FHA, he applauded very*

vigorously the statement made by Dr. Sullivan. And I might add my sentiments to that, too, after having heard so much to the contrary.

Mr. David Baker, please.

MR. BAKER: Mr. Lustig, I understood you to say that zoning was used quite extensively in the prohibition of development. Can you identify any specific instances where zoning was used as a club to prohibit the development of low-cost housing?

MR. LUSTIG: No, not public low-cost housing. We can get you copies of perhaps 500 municipal zoning ordinances that don't permit row-houses or twin houses. That's all over the area. It isn't a matter of a specific provision which says "don't build rowhouses." It merely says that you can only build single-family houses and that you have to build them on half-acre or acre lots.

MR. BAKER: Do you interpret this, then, to be a back-door approach to the prohibition of this type of housing?

MR. LUSTIG: Yes, it's an exclusion.

Zoning "Club" Against Integration

MR. BAKER: Have you ever encountered any situation in which zoning was used as a club, where emergency ordinances were adopted to prevent development?

MR. MILGRAM: I'd like to mention one such if he can't think of any.

MR. BAKER: One moment, my question is to Mr. Lustig, if you please.

MR. LUSTIG: I can't think of any where it was done on an emergency basis to stop a low-cost unit that was coming in.

MR. BAKER: Mr. Milgram, you had a comment?

MR. MILGRAM: Our own experience in Downingtown, Pennsylvania, about six years ago, when we bought ground in a fine section of town where zoning would then have permitted lots of about 6,000 square feet. We negotiated with the town and agreed that we would have lots of 11,000 square feet. When the word got out that it was available not only for poor people but for poor people of all racial groups, then they suddenly came to us and said they wanted half-acre to one-acre lots.

We said we could live with that. Then they said they meant mostly one-acre. At that point we went to court. I'm sorry to say we lost, after a very confused decision, and we were forced to sell the ground because we did not want to build expensive houses on one-acre lots.

MR. BAKER: Have you found any change in building codes that would have any material effect on this?

MR. MILGRAM: The only situation where we had building codes used against us was in Deerfield where, the moment they realized we were going to sell to all people, they suddenly found a series of violations, even though we had been building for several months and they had found no violations till that moment.

MR. LUSTIG: Can I add examples not in zoning?

MR. BAKER: Yes.

MR. LUSTIG: A subdivision ordinance was used as a club in Abington against a veterans' cooperative which had intended to build about 250 free-standing houses which conformed with the zoning ordinance. This was in the late 1950's. I was a member.

A subdivision ordinance was used as a club in Swarthmore to stop the interracial, rather expensive, free-standing houses which also met the zoning ordinance. In this case I think there was literal nonconformance with the subdivision ordinance. There were problems with the topography and it would have meant some easing of the restrictions permitted under the ordinance, but they did not choose to make the changes that would have permitted the building to go on.

In Abington it was an outright question of refusing to give the approval, and keeping the matter in the courts until the veterans' group broke up because they couldn't wait for housing.

MR. BAKER: *You feel that this was inspired because of the proposed development for integration?*

MR. LUSTIG: That was one of the elements raised by public objection. The other element was the matter of income. People thought this would be a poorer community.

MR. BAKER: *Mr. Milgram, you made several recommendations, among which was encouragement of local banking facilities or public lending facilities to become more interested in this and to provide some means of implementing these recommendations. This is an excellent suggestion but it leaves one small problem. How would you recommend that this Commission go about urging these people to execute your recommendations? Your recommendations are good, but how would you suggest we implement them?*

MR. MILGRAM: One recommendation would be an effort for voluntary acceptance by this Commission asking the President to call together the mortgage bankers to ask them to use their money intelligently in this way. I'm not recommending yet that this would necessarily be best done by legislation. But I think the mortgage investment industry does have a tremendous stake in a viable city and they are not making viable cities by creating all-white suburbs, or by strengthening all-white suburbs by the way they use their mortgage money.

I think that FHA, similarly, could consider in actual practice recognizing that those apartment house developers who in the past have managed to keep their apartment houses all white should be put on a list which indicates that until they show that they know how to develop integration in their apartment houses they will not get their new applications processed.

MR. LUSTIG: May I also make a comment on this question. It seems to me that in testing equal treatment for making credit available, you could use a scheme which was suggested and used partially in Philadelphia by the Human Relations Commission. This was used in testing whether or not realtors were being equal-handed. They made test cases. They sent whites and Negroes with about the same income, and so forth, to try to rent or buy housing; the same test could be used in

trying to get mortgages from banks. You could do this on a regular basis, on a sampling basis if you wish, but sufficiently often so that all banks would know they would be subject to tests from time to time.

MR. BAKER: *Do you think this would eliminate the risk factor?*

MR. LUSTIG: It will give you a pretty good idea of how "risk" is defined — whether it's defined by color or whether it's defined by income and job stability and the other factors external to color.

MR. BLACK: *First I'd like to ask Dr. Sullivan a question. I believe that you stated — not in your testimony directly — that in your opinion it would be easier to get integrated communities in the South than it would be in the North. Is that correct, sir?*

DR. SULLIVAN: Yes.

MR. BLACK: *Do you know of any integrated communities in the South?*

DR. SULLIVAN: No. When you think of integration — well, I was born in West Virginia, which then was a segregated community, highly segregated. We lived door by door. I grew up in this kind of situation. We all went to segregated schools. This is a general situation. I have no specifics other than my own life. You do have the situation of colored and white living in the same community, almost side by side, but they go to different schools.

A Southerner is an emotional individual — I guess you can't prototype people like that — but he's more emotional even in the way he talks. I'm a Southerner. And I sincerely believe, that the way we're going now: in the next decade the Promised Land for colored people will be in the South. That sounds strange. But I believe that. I think the movement of industry and business to the South and the awareness that this thing has got to happen — now that the South realizes that integration is coming — will make it come.

In the North we realize we should have had it all along, so there's resistance. There's a psychological factor here. This is one reason I'm concerned about OIC. There's a strategy to it. I'm concerned about putting OIC's into the South, into the large Southern cities, more and more. I want to polarize a training capability in the Southern cities which will hold colored people who are there, who can see some hope of industry coming, and magnetize many people back where they came from.

In many cases there will be more opportunity for them in the places they came from than where they went. And I'm doing it really for a purpose. I'm polarizing a kind of population stability, utilizing a training program, and the kind of relationship with local industry in the South, to do it.

To Keep People in the South

MR. BLACK: *Do you have any recommendations for this Commission to give to the President and others that would help us to formulate a policy of keeping the people back home in the South and encouraging them to come back?*

DR. SULLIVAN: I have a very real recommendation. It's one that I've made in my city generally. We have to develop some concept or program that will magnetize a community and give them a reason to remain. One thing is a skill. Ninety percent of our people have not been able to obtain a skill because they have been related to service occupations. And then to relate this skills training program to an industrial commitment, because there must be a job for the skill or else this frustrates the man more.

Therefore, in OIC, we work out a partnership with the community and industry so that the skill and industry will match. One recommendation I would make is to look at the OIC concept — a people's concept in partnership with industry, a magnet to polarize a community. Strangely enough, I got a call yesterday from the executive of the Southern Chamber of Commerce. They're meeting in Memphis and they want me to come and talk to the executives of all the Chambers of Commerce of the South about OIC.

Now, the main thing is that these are people interested in companies which for years have discriminated. They realize the economic problems associated with discrimination, and they realize the tide the country is going with. They're willing to sit down now and see if they can establish some communication about equal opportunity — everything I do is based on equal opportunity and they know it.

They need skilled workers too, because industry cannot exist without skilled workmanship. And the Negroes in the South represent untapped skill resources. Industry in this technological age needs this skill in order to survive. So they're saying, "Let's get together and develop this bridge."

And I'm saying that the development of OIC is one of the keys to establishing this thing you indicated here. And I think it should be highly recommended to look into the viability of OIC type programs for the Southern communities, with whatever support the government gives.

The first alliance of training agencies in America was centered around OIC, OEO, the Department of Labor, and HEW have for the first time in America formed an alliance in support of OIC. They have put \$20 million in over 23 programs — and all of them are successful. We have problems — many, many problems, political problems, research problems, followup problems — but at least it's getting off the ground.

MR. BLACK: *Do you think if we made welfare payments a Federal concern, rather than a concern for each particular city and each particular state, that that might help to keep people in the South?*

DR. SULLIVAN: I wouldn't think that would have too much of an effect one way or the other. I think that's too peripheral.

MR. BLACK: *To what extent do you think Southern politicians have contributed to this migration to the Northern cities by their statements? Have there not even been grants to people who want to go North?*

DR. SULLIVAN: A great effect, of course. As you recognize, Mr. Black — you are a great traditionalist — the movement of the colored man was not because he hated the South, as much as he hated the situations in which he lived. He came East and North looking for hope and opportunity — the Golden Streets and the Open Door. The politicians said they didn't want him, either, even his vote. So there was nothing for him to stay there for.

So he moved North and East in the last 20 years in great numbers — by the millions — only to find that the streets are not gold, and the doors are not open. Now that he's here he is frustrated. He can't go back home because there's nothing there for him. So he explodes. It is a natural psychological development growing out of sociological principles.

So you've got to create escape valves, not only for the Northern communities but for the South as well — which now realizes it needs manpower. Not the politicians! Industry realizes it needs manpower. An escape valve must be a practical program, supported by government assistance, to establish some sort of composite that will give him some hope to stay where he is and even one day go back where he came from.

MR. BLACK: *Thank you very much, Doctor, I have a lot of other questions but there isn't time. But I hope you will find occasion to travel extensively in the South and talk to people down there.*

How Low Can Low-Cost Go?

MRS. SMITH: *It's getting late and I would like to stick to my last and ask two questions. One, I am extremely interested in the success of purchased existing apartments. Do you feel that one reason these have been successful is that they are acceptable forms and types of housing and not prejudiced by being forms of recognizably public housing in design? Is that part of the formula?*

Second question: We have heard much in varying cities about low-cost housing and changes to achieve it, yet I have never gotten a clear opinion on how low is low. How low can we go? Are we going to draw up a decent sanitary box? Are we going to have dormitories? How small is a lot?

Those are both architectural questions and that's all I'll ask. Whoever wants can speak to those two questions.

MR. MILGRAM: You are very perceptive. I hadn't realized clearly that one of the reasons for the success in our apartment houses is that it is the normal form, that is, it is not public housing and it's not obviously 221(d)(3), and normally it's not even that. I think another reason for our success is that Negroes come to our apartment houses one by one, as vacancies occur. Whereas when you build brand new communities you have to bring large numbers of people at one time. You have to bring large numbers of Negroes and whites together, and that makes the job of acceptance harder. I think you did hit a good point.

On what is low-cost housing, perhaps Mr. Lustig would like to answer that.

MR. LUSTIG: I don't think there is a bottom; I think we have to go all the way down to nothing as being low, or maybe to social security payments. The problem is that low-cost housing now doesn't go all the way down to the bottom. Through rent supplements and through revisions of the low-cost housing program, we have to get down to the bottom, or we're not going to solve the problem of housing these people.

And you have to get down by one of two ways. Either you start making the housing lower, or you provide larger public welfare payments or rent supplement payments to bring income up to the point where people can afford what the housing requires.

MR. MILGRAM: I think his answer on income is the key, and this is what Bayard Rustin told you at your New York hearing — that we need \$185 billion more in the next 10 years. I think the Freedom Budget should be part of the recommendations of this Commission. There is no solution that private housing developers can give. I cannot as a private developer build housing cheap enough for the low incomes that many Americans have. We must raise these incomes, and the Freedom Budget is needed to develop full employment as rapidly as possible.

MRS. SMITH: *But that still doesn't answer the question: How low is low? How low are standards? How small is a lot? How small is a house?*

MR. LUSTIG: Those are two different questions. We could talk about a certain amount of land required for a family or lot size. We can't talk about any minimum income for American families. Whether they are living on a \$50 a month pension or something else, that family needs to have decent housing. Either we have to provide it virtually free or we have to provide supplemental money that will give that family a decent house.

I don't care which way we do it. If we're going to do it by giving him the housing, then the low-income housing standard has to go down and the Federal supplement has to go up. I don't think there is any bottom limit.

MRS. SMITH: *Well, that's a long discussion and it's getting late. It's not a technical answer yet.*

DR. SULLIVAN: May I say something on that. I guess I'm the only person who's ever gone on record like this, but I might as well tell you what I think. I think to develop public housing or any kind of system with the idea that it has to be perpetuated is a foolish kind of objective. I think that whatever we do in terms of public housing or assistance or anything else, it must only be predicated upon the capabilities of the program to make a man self-sufficient.

I think it is vitally important that this happen. You need all these assistances to help people now to stand up because they have nothing to stand up on. But we must never provide an eternal prop. You must never perpetuate poverty. In perpetuating poverty you sow the seeds

of the destruction of the Republic. Therefore, whatever you do must be done to assist a man to stand up. After he stands up, then you help his brother to stand.

So we think in terms of billions of dollars to be allocated. That's great. But always look at what's beyond. That's the reason why — concurrent with assistance programs in America — we must develop self-rehabilitation programs. Concurrent. If we put \$10 billion in public assistance we've got to put \$10 billion in human rehabilitation. So that ultimately you can move a man off the status of assistance. That's why you need great manpower training programs, not necessarily OIC. You need to develop the capability in a community to create jobs. This is vitally important for the future of our country.

MR. FEINBERG: Mr. Lustig, I believe you have a comment you'd like to make in respect to the subject of job training.

Train for Jobs that Exist

MR. LUSTIG: The only comment I have on job training is that if it isn't accompanied by a massive program for creating jobs, job training will be a failure and will double the frustration. If Dr. Sullivan's training program and the others in the city could take all the able-bodied unemployed off the streets and train them for six months so that they were experts, most of them would have to go back on the streets.

The effect of good training in an area or a community is to take jobs away from a place that does not have as good training. In the case of OIC and efforts of this kind, one effect is to trade Negro employment for other employment. I think that's good because Negroes have to get more employment to come up anywhere near getting their fair share. But the fact is that job training creates jobs in only a small way. And we need both things hand in hand.

DR. SULLIVAN: May I speak to that. I think he is quite right. That's the reason we created and formalized our program as we did. We only train for jobs that exist. To train a man for a job that doesn't exist frustrates him more. Look at Sunday's ads and you'll see thousands of jobs that are available. They are available now for people who have interest-level skills.

Well, you reduce the vacuum by training people for interest-level skills for jobs that exist, but not for jobs that do not exist. That's been one of the problems with the traditional manpower efforts — training a man and throwing him out. OIC takes a man from the streets *into* a job. And it can be done if industry is your partner. The greatest power OIC has is industry — and the government.

MR. FEINBERG: *I have just one more question, on the subject of zoning, and I would like to preface it with this. Dr. Sullivan in his testimony oftentimes used the expression "escape valve". I think that's very appropriate because I believe — and I think you'll agree, will you not, Mr. Lustig — and Mr. Milgram and Dr. Sullivan — that the cities*

themselves, as a whole, by virtue of the density of population, by virtue of the magnitude of the problem that we are discussing, need an escape valve. And that the only course to follow, the only escape hatch, the only tunnel, would be through suburbia.

Is there any disagreement among you gentlemen as to that statement?

We know that the suburban towns have adopted ordinances. Incidentally, in reply to the question that Mr. Baker propounded about instances where municipalities by emergency measures have adopted ordinances to put up barriers to an "invasion" of developers of low- or middle-income people—I can attest to that of my own personal knowledge because of my experience in New Jersey, where I practice law, that this has happened so many times.

I can still hear the sound of the voice of the chief planner of the State government of New Jersey when he referred to the municipal attorneys who were burning the midnight oil to prepare and concoct these ordinances as barriers. It was like Paul Revere, but instead of saying "The British are coming!" they were saying "The developers are coming, the people are moving out here, let's stop them!"

So let me ask you gentlemen: What recommendations can you give to this Commission to help us make the proper recommendation to try to solve this problem, to untie this knot which these municipalities have taken upon themselves to draw by virtue of the tremendous power which they have to control zoning? We know by the Supreme Court that they have this power to zone. Can you make any suggestions to us as to how to combat this problem?

MR. LUSTIG: Let me go over some of the things I said earlier. I tried to make them in the form of specific recommendations. One: To encourage the state to give zoning powers to counties. This is not just a new idea of mine. The Advisory Commission on Intergovernmental Relations has already included this in part of its text: to try to put zoning power in the hands of governing bodies that have a variety of classes of people in the community, so that they are not subject to or representative of only a one-class group.

Second: The possibility of developing zoning standards, requiring that the kind of housing—the amount of low- and moderate-cost housing—be consistent with the number of jobs provided in commercial and industrial zones. There are all kinds of Federal programs that could involve this as a requirement. A suburban "workable program for community improvement," for example, could be required for open space purchases or public facilities loans or sewerage loans, with zoning balance between jobs and housing as a part of the requirement for the kind of money the suburbs want.

Change the Federal 701 policy. Stop spending Federal money to put it into the hands of individual small communities for zoning purposes—which encourages them to do this kind of zoning. But put that money mostly in the hands of larger agencies. And if you like, make it conditional. Give counties more if they are in a position to

take authority for zoning in their communities. Put a differential on it and let the carrot carry it to some extent.

I also think that it's time, now, before the next big housing boom occurs in the early seventies — when the enormous number of children born after World War II become family formers — it's time we make a requirement that all large-scale building would require sewers and sewage treatment. One of the reasons communities disallow zoning for even reasonably sized lots is because they are using on-site sewage disposal — at least they start that way. They are not only polluting the underground water supply and the overground water supply, but we're now in serious trouble in the Philadelphia metropolitan area because we're running out of space on which to dump the cleanings from the septic tanks.

For the last 15 years thousands of tons of material taken out of septic tanks has been dumped on farmers' fields and washed into the water supply. Those fields are fewer and they are farther out. Sewage plants can't take the septic tank material. If sewers were required in advance this would remove one of the major excuses, the legal excuses, for large-lot zoning and would also create far greater pressure from developers and lending institutions to make building more compact.

MR. FEINBERG: Thank you very much, Mr. Lustig. And may I extend the thanks of the Commission to all of you gentlemen — Dr. Sullivan, Mr. Milgram and Mr. Lustig — for taking the time to come here and being so informative. We are very grateful for your having done that.

We have two witnesses in the audience who would like to be heard. Mr. Lopez, you are limited to five minutes, if you don't mind.

PUBLIC WITNESSES

Mr. Lopez: Housing for the Really Poor

MR. LOPEZ: My name is Reginald Lopez, I am the Business Manager for the Construction Workers in Philadelphia, Local Union 332, 1350 Ridge Avenue. First of all, I want to agree with the Chairman and Mrs. Smith and the other persons on the panel when they referred to "the time getting late." Being one of the poor, I reiterate that fact — the time *is* late.

First of all, you want the poor to help themselves, yet they must go to a bureaucracy of middle-class people to help themselves. They cannot afford the houses you want them to buy, or the houses you say you are building for low-income people, yet you want to charge them \$75 a month and \$110 a month. I ask you — where can a family with five children afford this kind of money?

I'm not talking about the Negro, I'm talking about the poor, Mr. Douglas, and they have white poor people where you're from, I be-

lieve. Here in this city the poor are fighting back. Take a walk around the city and you'll see the poor people living in houses that you wouldn't live in. And you ask what suggestions we can give.

I'll tell you one. Become poor for a little while. Go out there and buy the same loaf of bread that you buy. The poor person pays the same amount of money. When he goes to get a mortgage, he must have collateral. Where is he to get the collateral, if he's poor? The government should build these homes, give them to the poor, and let the poor pay rent to the government until they own the property. Make ways for the poor to get homes.

But to tell a fellow that if he's going to buy a house he must go to FHA and must get FHA approval, then before he even gets the house he must have something like \$1,800. Where is the poor person going to get this money? Are you going to give it to him? If so, I recommend you start right here in Philadelphia, because the poor whites and the poor Negroes in this city are sick and tired of working through the bureaucracy to get money to exist.

Your riots and things like that start, not because of integration, as mentioned here, but because the poor people have nothing to do. So I say, make work for them. You're talking about training men and then they have no jobs. So make jobs for them. The attorney for my local union is investigating ways in which my local can invest money to help build homes.

I want to give you an example. The pension fund in my local union has close to \$6,900,000 in it and, believe it or not, there are only 174 people eligible for pension. The money is laying there. I think the union should invest some of that money and build homes for the poor people, because we are poor people in the Construction Workers. But I think it's high time we got rid of these middle-class people.

When you were all talking here, I listened. None of your conversation referred to the poor. You were talking about the people who could afford to buy houses for \$13,500. One of the gentlemen here mentioned something about the people who make \$2,000 a year. What about these people? Someone mentioned rent subsidies. I think you should build a house, sell it to poor people, and let them pay rent, low rent, and if it takes the next 30 years they'll still have a house.

But if you get an FHA mortgage, a 25-year mortgage, you and I know that even though the house is \$18,500, you end up paying \$27,500 when you get through paying the interest. Where are the poor people going to get that kind of money? If we're talking about the poor. If we're just talking about the President's committee coming here to investigate, the poor people in this country are tired of being investigated. They want to be related. They want to be related to those middle-class people, not investigated by them.

That's all I have to say.

MR. FEINBERG: Thank you very much, Mr. Lopez. Mr. Labron Shuman.

Mr. Shuman: Action—Not More Study

MR. SHUMAN: My name is Labron K. Shuman, 630 Land Title Building, Philadelphia. I'm counsel for Local 332. The problem of housing with which we are most concerned in the local is the problem that a man who is underemployed, underskilled, underworked, yet not qualified for public housing, having four and five children, must deal with.

It's a man who averages perhaps \$4,000 to \$5,000 a year income, whose work conditions are totally unstable — he's lucky if he works nine months of the year — yet he must come home and find adequate housing and he must find opportunities for his children. The hallmark of the local today is that we vow that our children shall not be living over in the slums of North Philadelphia.

And I hope that on the tour of the city you will take a careful look at that area and see the pestilence, the filth, the rats, the crud, the total force of our society operating in a negative fashion upon that section of Philadelphia. We have estimated that only 10 percent of the members of this particular local have anything that we could call adequate housing.

When you consider the magnitude of the problem in Philadelphia — and I'm sure your experts will give you more accurate figures than I can — and realize that we have maybe 10,000 public housing units, and realize that programs such as 221(d)(3) go to the elderly, and yet we have a group where the mean average is 30 years old, where is the government program that is going to help us develop a project for our members where there can be a three-bedroom apartment for \$85 to \$100 a month?

This is what we need. Mr. Lopez tells me it should even be less than that. And what are we talking about? We're talking about the difference of 15 or 20 dollars. It's the difference in the type of diet the children will have, the clothes they will wear, the amount given to the mother of the family. When you talk about housing in the city of Philadelphia, and the problems of the poor, you have to come to one conclusion, and this is what I truly believe.

We are on the verge of a revolution, because this cannot continue in the midst of 20th century America. It's a very concrete situation. The riots in this town do not come out of nothing. They come out because all of us in this room have not made the same commitment to the urban problems that the United States government made to TVA in the 30's, to the farmers during the 1930's, to the atomic war effort.

And until society has that same commitment and gives the people of North Philadelphia and similar places throughout the United States, the hope accompanied by the accuracy of that hope — the production — I think we're in for a mass of trouble.

I don't know what you men can do, but I'll reiterate what Mr. Lopez has said. We've got plenty of studies around this town. I'll bet we could almost fill this room up with studies of North Philadelphia, the housing problems, and all the other problems that go with it, but

where's the action? That's the only thing that's going to cure what is a truly sick society.

MR. FEINBERG: Thank you very much, Mr. Shuman. Let me assure you and Mr. Lopez that we are grateful for your having taken the time to come here and testify, and that we will do everything within our power in our recommendations to take into consideration what you said.

Would you please identify the unions that you represent, so that we have it for the record?

MR. LOPEZ: Local 332 of the Laborers International.

MR. FEINBERG: Is there anyone else in the audience who desires to testify? If not, I would like to have this in the record, too: A telegram has been received addressed to the Honorable Paul H. Douglas, Chairman of the National Commission on Urban Problems. It reads: "The National Commission on Urban Problems is making an incisive and encouraging study of the problems of urban America. Best wishes for a successful three-day series of hearings in Philadelphia, Joseph S. Clark, U.S. Senator from Pennsylvania."

We will reconvene here tomorrow morning at 9 o'clock. Thank you.

(Adjournment.)

*Old Supreme Court Chamber
Independence Hall
Philadelphia, Pennsylvania
Morning, September 22, 1967*

The second day's sessions of the hearings in Philadelphia continued to deal with the housing gap at the bottom of the income scale and possible ways of closing it, Philadelphia serving as a case in point. Social services in connection with housing for low-income families—education, health, and parks—were discussed. Public responsibility for problem families and the role the church can play on the community scene also gained attention.

HOUSING GOALS AND PUBLIC SERVICES

MR. DOUGLAS: The hearing will come to order. This is the 14th city in which the Commission on Urban Problems has held a hearing. We want to thank the members of the Commission for coming from all parts of the country and attending so faithfully. The chairman of our session will be Mr. Alex Feinberg, a distinguished attorney and builder of Camden, your sister community across the river, who has been a tower of strength to us in all our work. I'll now turn the meeting over to him.

MR. FEINBERG: Our witnesses this morning will be Mrs. Cushing Dolbeare, Mr. Andrew Freeman, and Dr. George Sternlieb. Mrs. Dolbeare,¹ who will speak first, is Managing Director of the Philadelphia Housing Association.

STATEMENT BY MRS. DOLBEARE

MRS. DOLBEARE: I'm speaking today really as the Managing Director of the Philadelphia Housing Association which since 1909 has been a citizens organization devoted to doing whatever its citizens *can* do by way of educating, brainstorming and supporting public programs, to improve housing conditions in Philadelphia. We are very proud of what Philadelphia has done; we're very conscious, also, of what a long way we still have to go.

I have left on the table copies of a number of our publications which I hope you will have time to read and consider as we get to specific recommendations. Because of the time we have available I'm not going to try to go through the long list of all the changes we would like to see made in Federal and local housing programs. I do want to present a broad outline of some of the key things which we think are important, but which are more or less unrelated to presently operating housing program.

This outline is a distillation of a job which took a committee representing all points of view and all walks of life — about a hundred people — two years to do. So it's not just the thinking of one person. It's the consensus of a group of bankers, realtors, slum landlords, university professors, and tenants from poverty areas — as balanced a group of as many points of view as we could get.

Goal: Choice of Housing All Can Afford

The first thing we tried to do was to define for ourselves the goals towards which we think housing policy in Philadelphia and nationally should be directed:

First, we think we have a responsibility to see that everyone has an opportunity to obtain a suitable home within his means.

Second, we need to provide choice, so that people can choose whether they want to own or rent, whether they want to live in an apartment or a single-family house, whether it's highrise or lowrise,

¹ Formerly on staff of Vice-President and former Senator Hubert Humphrey. Member of Board of Directors and Legislative Policy Committee, National Housing Conference; of Housing Division Steering Committee, National Association of Housing and Redevelopment Officials; of Executive Committee, Community Relations Division, American Friends Service Committee; of Consultant Advisory Committee on Problem of Metropolitan Society; Board of Christian Education, United Presbyterian Church. Also on Board of Directors, Philadelphia Council for Community Advancement, Chairman of Residential Opportunity Committee; member of Housing Panel, White House Conference to Fulfill These Rights.

whether it's in the city or in the suburbs. Unless we can formulate the kind of housing policies that not only provide people with adequate housing but permit them choice, we think we have fallen short of the goals we should have.

Third, housing policies should be directed toward maintaining and increasing the stock of sound housing available, toward removing and rehabilitating substandard housing as rapidly as possible.

Finally, and most importantly, we need to focus all of our programs on the tremendous problem of segregation and discrimination in housing: to focus on developing integrated neighborhoods throughout every metropolitan area.

In approaching ways to achieve these goals, the Housing Association tried not to look at whether public housing or redevelopment or code enforcement was what we thought it should be. We do that more or less continually. Instead, we tried to look at the nature and dimensions of the problem and to develop solutions to solve the *whole* problem rather than little pieces of it.

In this context we thought it appropriate to rely greatly on the private housing market, trying to improve that market to enable people at the bottom of the income scale to obtain standard housing and others to obtain better housing, and to rely on the government to provide necessary assistance. (This viewpoint was developed three or four years ago, before it had come quite as much to the surface as it has today.)

Most of our concern was initially directed toward eliminating substandard housing — through code enforcement, redevelopment, and renewal — but it has become clear to us that this is not really the basic problem. The major barrier in the situation is the gap between the cost of housing and the amount any given low-income family can pay for housing. Until we can close this gap, the best housing code enforcement in the world will perhaps result in a little improvement, but will also result, as it has in Philadelphia, in chasing some families from one structure to another because owners find it economically unfeasible to keep those structures on the market if they have to maintain code standards.

Why? Because low-income families cannot pay the costs. This is the problem we run into with urban renewal. The primary objection to urban renewal by neighborhood residents is that they cannot find alternative housing because they can't pay for more expensive housing than that in which they now live. In a study we did several years ago, we found that 70 percent of the families displaced by urban renewal and code enforcement ended up paying significantly higher rents.

Housing Gap at Bottom of Income Scale

If you look at the characteristics of low-income families, using 1960 census data on households with incomes under \$3,000, you find that in the Philadelphia region 25 percent live in substandard housing,

compared to 8 percent of the rest of the population; 51 percent rent their housing, compared to 25 percent of the rest of the population. But of these renters, 57 percent pay more than 35 percent of income for rent. Only 1 percent of the renters earning more than \$3,000 pay as much as 35 percent of their income for rent.

This is the real problem. And if you look at households with incomes below \$2,000 it's even worse. Four-fifths of these households pay more than 35 percent of their income for rent. And these are the people who can least afford this very high cost of shelter, because it means they have less available for the other necessities of life. This is why we say it is much more important to focus on the problem of what low-income families have available to pay for shelter than on the quality of the shelter — provided it meets code minimums.

If we can solve the cost-income problem, then we think the problem of substandard housing will be capable of solution. If we leave the problem of income untouched we'll never find a solution. We found that low-income families pay almost as much in rent in Philadelphia as the rich. In 1960, the median rent paid by families in the Philadelphia area earning less than \$2,000 was \$57 a month. The median rent paid by families earning five times as much, in the \$10,000 to \$15,000 range, was \$88 a month. The 500 percent difference in income compares with only a 65 percent difference in median rent. One of the reasons for this is that there is a basic floor under housing costs. Taxes cost a certain amount, heat and utilities cost a certain amount, and you just can't get below that. There is almost no rental housing available in Philadelphia now for less than \$40 a month. Yet back in 1940, \$45 a month was the *median* rent for housing.

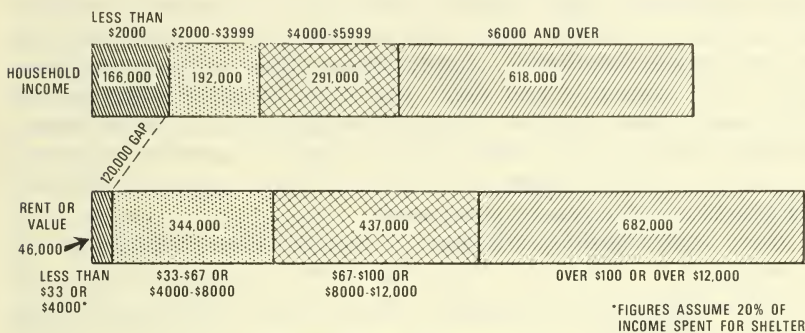
There is very little rental housing now available for less than \$50 or \$60 a month. Even public housing, in the used-house program where there is no cost for structure (because that cost is covered by Federal subsidy) has a fixed rent of \$65 a month; and the Housing Authority is about to raise that rent. The increase will merely cover the costs of *operating* existing houses, after they have been rehabilitated and brought up to standard.

We all know the situation is getting worse, rather than better. The Philadelphia Community Renewal Program, beginning with the premise that the 1960 situation was all right as far as housing for low-income families was concerned, estimated that by 1970 there would be a need for 45,000 additional low-cost units. We compared family income with cost of housing and found that in 1960 there were 166,000 households in the Philadelphia Standard Metropolitan Area with incomes below \$2,000 a year, and there were only 46,000 housing units — leaving quality completely out of consideration — that rented for less than \$33 a month or were valued at less than \$4,000. And these units, I needn't tell you, fell into two categories. Either they were subsidized through the public housing program — only a small proportion of them — or they were in seriously substandard condition.

This is the problem: a gap of 120,000 units at the very bottom of the income scale. We also found that if you take the next level, the incomes

GENERAL HOUSING NEED IN THE PHILADELPHIA STANDARD METROPOLITAN STATISTICAL AREA - 1960

HOUSEHOLD INCOME COMPARED TO COST OF HOUSING



GENERAL HOUSING NEED IN THE CITY OF PHILADELPHIA - 1960

600,000 total families
 62,000 renter households with incomes below \$2000
 11,000 units (five-eighths of which were substandard)
 renting for less than \$33

51,000 GAP

PHILADELPHIA HOUSING ASSOCIATION
 DERIVED FROM 1960 CENSUS

from \$2,000 to \$4,000, there were 192,000 households and 344,000 housing units priced within their ability to pay. Yet *this* is the rent area now being served by public housing, by rent supplements, and by the other public programs that deal with the low-income housing problem.

We do not contend that these programs are no good — we'd like to see them expanded — but they really don't address the problem we should be most concerned with.

The Housing Association proposes that, in addition to focusing on programs that will increase the supply of decent low-cost housing through construction or basic rehabilitation, we focus on the demand problem. You heard testimony yesterday about education and employment programs to increase income. We are in favor of such programs, but we don't think we can wait for them to take effect.

If we are serious about solving the housing problem in Philadelphia and other communities across the Nation, we need to have a housing subsidy program in which the payment would go directly to the low-income family and in which the subsidy would cover the difference between the income of that family and the cost of decent housing that is readily available in the community.

Such a program would make it possible for households with incomes of \$2,000 a year to pay what they must pay to get decent housing that is available now or would become available if the demand were there.

Last year we got a little tired of talking about the need for a subsidy and we thought many tenants were getting kicked around and that their legal rights should be strengthened. So we got a small founda-

tion grant to make a study of evictions. We found that we were right: tenants don't have as many rights as landlords. But even if they did, it wouldn't make much difference to low-income tenants, because the basic problem is that low-income tenants cannot pay their rent.

For every family that is legally evicted there are probably a dozen families who are unable to pay their rent and who leave — "skip" is the term used by landlords — simply because that's the way they stay ahead of the constable and don't lose their furniture. This is one of the basic reasons for the very high mobility in low-income areas. Families move in and are able to make a couple of months' payments; they miss a couple of months; and they move out again and find another home, and the process starts over.

If there were stability of income, if income were available to pay for housing, you could deal with some of these other problems, and you could begin to keep housing at least in a state which would meet minimum standards.

How do you frame a program like this? We thought we had a pretty radical idea, particularly when we costed it out and discovered that — using 1960 figures — the cost would be on the order of \$50 million a year to cover the full need of very low-income families in the Philadelphia area — families living at public assistance levels.

Further, we estimated it would cost about \$2 billion a year for a national program that took this approach. This is the amount Americans spend every year to purchase new television sets. It's a fraction of what we are spending on space. It's about what we spend on some highway programs. It's roughly what we spend on farm subsidies. Even so, \$2 billion seemed a very large figure and we thought that when we started talking about it to other organizations in Philadelphia the answer we would get would be, "Aren't there better ways to do it?"

Before publishing our report (which you have in summary form),¹ we conferred with 30 or 40 other organizations in the community; and, to our great surprise, we found that this was not the reaction at all. The reaction we got was, "Okay, it's a great idea. How are we going to do it? How would you administer it?" We were fortunate enough to get Donald C. Wagner, who was Managing Director of the City of Philadelphia under Mayor Dilworth, to chair a committee to draw up the fairly specific proposal which is embodied in the report, "Housing Grants for the Very Poor."

The committee initially set some guidelines and objectives for the program.

First our efforts must be directed to those groups most in need.

Second, we wanted to be able to allow freedom in the selection of units.

Third, we wanted to structure the program to promote stability and a sense of worth.

Fourth, we wanted to insure that recipients under this program wouldn't end up in substandard housing.

¹ In Commission files.

Fifth, we wanted to keep the program administration as simple as possible.

Sixth, we wanted to frame the program to avoid any kind of unusual inflation in any part of the housing market.

Seventh, we wanted to find a way of insuring that rent or prices paid would bear a reasonable relation to actual value.

Eighth, we wanted the program to promote our basic objective of desegregation.

I list these factors to show the kinds of things we had in mind in framing the proposal. The way we approached the process was to list all the questions we could think of that needed to be considered, to list as many alternative ways of answering them as we could, and then to evaluate the answers against our guidelines or objectives.

Direct Housing Grants for Low-Income Families

And this is what resulted. *The specific proposal is that the Federal Government should have a program to make a direct housing grant to low-income families, beginning at the bottom of the income scale.* (The scale that has been suggested would correspond either to the national poverty standard set by the Social Security Administration, or to some similarly determined local standard based on actual need, or a fairly rigid definition of poverty.) Our feeling is that it is much more important to serve *everybody* at the bottom of the income scale than it is to serve fewer people a little higher up.

Secondly, we proposed that anybody whose income falls below the established standard — and this should be a flexible standard so that as the cost of living goes up the standard goes up — would be eligible for a subsidy.

The subsidy amount would be the difference between 20 percent of household income and the median cost of rental housing of the size needed in the metropolitan area. Our intent is to provide enough money to pay for housing in the cheaper half of the housing market in any given community. There is great variation among communities. We made a list of all the Standard Metropolitan Areas in the country and their median rents. We felt that this was a fair way to build in allowance for the difference in housing costs.

Every family would get a grant covering the difference between what they could afford and the cost of housing. A family could find its own housing and designate the landlord or mortgagee. The subsidy check would be made out jointly to the recipient and the landlord or mortgagee he designated. This, we felt, was a simple way to insure that the subsidy actually went for housing and not for something else.

I should note that we have no objection to low-income families choosing how to spend their income. Our feeling is that very likely a guaranteed income of some sort would make this kind of subsidy program unnecessary. But if the program is framed and conceived as a *housing* program, then it seemed to us there should be this kind of control to assure that the subsidy goes for housing.

There should be minimum federally set standards of quality of the kind that the Department of Housing and Urban Development has recently drawn up. Each unit should be inspected before payment starts.

Endorsement of the subsidy check is part of the quality control. If you are an employee of the City of Philadelphia, whenever you endorse your salary check you are at the same time signing a statement saying you live in the City of Philadelphia. We thought we could use a similar device on the subsidy check: signing the check would say that you are living in a house that meets basic standards of quality. Both the tenant and the landlord would have to sign the check.

Although we framed this, in terms of subsidy amounts, as a rental program, we did not set it up as a rental program exclusively. We think homeownership is extremely important. Again, we feel that there should be an option. If a recipient is able to obtain a long-term, no-downpayment mortgage, he should be free to do so. Under this program he would be free to get the mortgage or to spend a little more than 20 percent of his income on housing. Most of these families have been spending 35 percent of income on housing and they might be able to continue, if they wished, to spend this much for homeownership.

But the subsidy amount would be constant. We thought by having it constant we would eliminate the need for rent control or price control because, if the subsidy is based on the theoretical cost of housing, you put bargaining power in the hands of the recipient. If the average monthly cost allowed a recipient were \$80 a month, and he could find housing for \$75 (giving him \$5 to spend for something else), he would have a real incentive to look for housing at \$75 a month. The present system of welfare shelter allowances in Pennsylvania provides absolutely no incentive to any welfare recipient to try to get shelter for less than the maximum allowance, because if he gets shelter for \$5 less than the maximum his welfare check is cut by \$5.

In other words, that maximum tends to become a minimum. This statement is somewhat theoretical at the moment, because the maximum amount covers only about two-thirds of the actual cost of shelter for a welfare family. But we felt that by putting bargaining power in the hands of the individuals, we would eliminate the need for a ponderous administrative structure. We felt it important also to have 100 percent Federal funds. Obviously, the Federal Government is the only government that will have money of this kind available, if indeed the Federal Government has. Two billion dollars a year is a conservative estimate of the cost of the program we're talking about.

Fifty million dollars is also a conservative estimate for the City of Philadelphia. Philadelphia plainly doesn't have the resources to mount a housing program of \$50 million a year, much as it might like to do so.

If the program is 100 percent federally funded, we think it would be much easier to provide the kind of freedom we envision. The local community would not be able to raise an objection, for example,

saying it would love to have this program but couldn't afford to put in a one-tenth share or a one-third share. We felt that with Federal funding subsidies could more easily be made available to low-income families needing them, regardless of local budgets.

I have spend a lot of time describing this proposal because it is the key thing we have to say. But I'd like to whip very quickly over a couple other things. First of all, housing choice. In terms of what is available in the Philadelphia market, it costs more to pay the monthly cost of an \$8,000 existing house than it costs to carry a \$12,000 new house.

This means that families who cannot afford new houses are effectively shut out of the option to purchase a home, unless they happen to be able to obtain 221 financing or something of that sort. Such financing has become more accessible, but not to the moderate-income family. We think it very important to provide an option for families with incomes below \$6,000 to purchase a house. That option does not now exist. Interestingly enough, in 1960, 84 percent of families in the Philadelphia area with incomes above \$6,000 *did* own homes.

Homeownership for All Who Want It

This indicates that, when they have an option, people choose homeownership. The way to provide this option to moderate-income families would be a mortgage guarantee program that is not tied to actuarial soundness. We're as critical of FHA as most other people, I guess, but it seems to us that the basic limitation of FHA is that it is an *insurance* program and must operate on an actuarially sound basis. What we really need is a program which would say: "We make homeownership for low-income families possible. We will guarantee any mortgage that has a reasonable relationship to monthly income and the value of the house. We will guarantee the mortgage and lose money if necessary."

This, we think, would be a really effective way of providing ownership for moderate-income families. In Philadelphia, such a program would enable persons with \$3,000 incomes to purchase existing houses. This program would be more effective than building a few scattered units with a subsidized interest rate. Nor should it be tied to a series of other programs for neighborhood improvement or renewal as some of the programs currently being considered seem to propose.

We have obviously devoted attention to the problems of metropolitan growth. I left with Mr. Shuman two copies of a report on regional housing development, the recommendations of which were recently adopted. It says, in effect, that we think housing is the keystone of regional planning, and that housing plans for the region have to include housing for low-income families. Sixty-seven percent of the low-income families in the Philadelphia region live in the three central cites, which occupy only 7 percent of the land area.

I think Federal policy can do a lot in this area. The only reason we have regional planning in the Philadelphia region is that it is required for Federal highway assistance. If you don't have regional planning, you don't get Federal highway money. We think this requirement is good and we think its principle can be extended. I would certainly support the recommendation Mr. Lustig made yesterday: that other Federal programs should be contingent on providing adequate housing in the community for low- and moderate-income families. For example, housing for low-income families should be a prerequisite for sewer grants. Maybe there should be extra grants if such housing is provided.

We also believe that 221(d)(3), rent supplements, and other subsidized housing programs should be primarily directed to supplying a range of low- and moderate-income housing in newly developing areas. There is already a fairly large supply of low- and moderate-cost housing in our central cities. The important places to get public housing, housing that runs to \$65 a month, is in suburban areas and industrial parks, where housing is relatively expensive, selling for \$15,000 to \$18,000.

If we have a housing subsidy, if we have a mortgage insurance program which will permit the mortgage market to work for lower-income families as well as for middle-income and higher-income families, and if we have a stock of houses throughout the region that serves all income groups, then we'll have the kind of elbow room we need to deal with substandard housing.

I have submitted a chart which shows the flow of dilapidated units between 1950 and 1960 (according to the special components of change inventories in 1950, 1956, and 1959 figures). What you see is this: of the 40,000 dilapidated units in 1950, less than 15,000 were still dilapidated in 1960. Most of the others were rehabilitated and reclassified as sound. Therefore, it just isn't true that we have a constant stock of dilapidated houses which will remain dilapidated. There is a lot of movement of housing in and out of this classification. There is a lot of play in the market. This is one of the reasons we think that if you provide an adequate income with which to pay for housing, you can deal with substandard houses. Because, then, the private market can't help but respond; private landlords will be able to bring their houses up to standard.

We did a modest study, with the cooperation of the Department of Licenses and Inspections. We returned about a month later to a number of houses which had been found to have serious violations. We found that 20 percent of the families that had been in those houses when they were first inspected had moved and the houses closed. This indicates there is a tremendous amount of displacement of families, primarily low-income families, as a result of code enforcement.

This sort of thing wouldn't happen if landlords could obtain financing for rehabilitation or repair or if they had a regular source of income from their houses because tenants could pay their rents. If

these assurances existed, you could use code enforcement as a major tool for eliminating substandard housing. And you would be able to use renewal or some of the other programs to clear or replace houses that had no further useful life, without creating undue hardships for their residents.

I won't go into the subject of yesterday's discussion of desegregation, except to say that the Housing Association and the Urban League have a joint program in this area which I think Mr. Freeman will tell you about.

Thank you.

MR. FEINBERG: Thank you very, very much, Mrs. Dolbeare. Before we take any questions we want to hear from all the witnesses. Our next witness will be Mr. Andrew Freeman.¹

STATEMENT BY ANDREW FREEMAN

MR. FREEMAN: The Philadelphia Urban League and the Housing Association have been working now for almost two years to develop a comprehensive region-wide desegregation program. Working with us are some 37 other public and private agencies concerned about housing generally, and specifically about minority housing problems. Here in Philadelphia both these agencies are United Fund agencies. The United Fund is supporting staff for the Joint Minority Housing Committee, and just this week it was announced that the Ford Foundation has provided a grant to Philadelphia for a three-year program of the committee.

Negro Residence in Suburbs Tied to Jobs

This committee has developed a minority housing program which is different from any other in the country. Not only are we concerned about the desegregation of housing within the city, but we are also concerned about desegregating the suburbs. In the program there is a component to develop jobs in the suburbs for minority peoples and thereby to facilitate the movement to suburban housing areas. A part of the program is promoted by a private foundation which is concerned with entrepreneurial activities, and this foundation will develop housing for interracial occupancy.

Our program includes legal services for those who are not able to buy their own services, and where there are legal services related to housing this joint committee will provide those services. The Urban League specifically will expand its housing information service. Listing will be compiled and made available to minority peoples seeking

¹ Long experience in personnel and public relations work with government and private industry, and service as executive of Philadelphia Urban League for 15 years.

housing outside the ghetto. We will have an educational program to get support from the white community for open occupancy everywhere.

This same educational program will be geared towards the black ghettos, to encourage Negroes to look beyond traditional housing patterns for their housing needs. We will have our own housing director who, I hope, will become the community's expert on minority housing. We have established long-range and short-range goals, but I think our immediate goal now is to get a program going whereby we will actively promote desegregation and make it possible for people to have a choice of housing they want and can afford. We are attempting to get the support and the total resources of the community to this end.

Here in Philadelphia the problems of the ghetto have been receiving a great deal of attention. Since the riot of 1964 there have been many new programs and old programs have been strengthened. The target area — North Philadelphia — has received millions of dollars to improve living conditions.

We have the Philadelphia Housing Development Corporation, which is funded by the city and whose administration funds are paid by the Anti-Poverty program. This program is good. It's effective, it's working. It is not making housing available for low-income families.

There is the Philadelphia Employment Development Corporation, with \$4,900,000 from the Federal Government; this program is just now being organized and we expect it to be producing shortly. Probably the most effective program this city has seen in recent years has been the On-the-Job Training Program with funds from the Department of Labor's Bureau of Apprenticeship and Training.

Would Rather Build Than Burn

As of April 1, 1967 we had placed through the On-the-Job Training Program 2,741 unemployables in the City of Philadelphia. These people received on-the-job training for a period of 15 weeks. During the period of training they average \$70 a week. At the end of this period they are averaging \$80 a week. These are people who were placed by agencies with small businesses and employers. The cost of the training is subsidised by the Federal Government.

As of April 1st, 85 percent of them were still on the job and were productive. The first year of their employment they earned a total of \$10,991,410. They paid close to \$1,381,464 in Federal income taxes, \$219,828 in local income taxes. After taxes they had a total of \$9,380,118. These were 2,741 people who had not been employed and who were seen as being unemployable. We think that the lives of the people in the ghettos can be salvaged.

We have demonstrated in Philadelphia that the myth about the poor and about minorities has been just that — a myth. This summer Mayor Tate had 500 jobs which he created and he asked for people to

apply for these 500 jobs in city agencies. Some two thousand and more people applied for those jobs; 450 were put to work. Since then, the city has put to work 2,100 people. The first day that the job-mobile was in operation and the office was open, some 1,900 people showed up for 500 jobs. It isn't true that people don't want to help themselves. It isn't true that they want to live as they do. It is true that they would rather build than burn, that they would rather be productive than on relief.

We think there ought to be now a Federal commitment, a national commitment, to go into the black ghettos and the crisis areas of the big cities with massive Federal spending. The job programs in Philadelphia are good, but in Philadelphia we have 66,000 unemployed Negroes. The existing programs are only scratching the surface. The OIC is doing a tremendous job, but we need much more than that. We believe that the O'Hara Bill should be supported, whereby a million jobs would be created in public agencies.

We think that 5 million jobs can be created in public service occupations across the country if we put our minds to it. Hospitals and schools and public institutions need workers. With Federal help we can recruit and train and make people productive on the job.

Educational Parks to Promote Integration

We are concerned about the report of the U. S. Commissioner of Education that public school segregation is increasing every year, and that this year there is more public school segregation than last year. And that since 1954 we have not made any appreciable impact on public school segregation in this country. The Philadelphia Urban League has presented a plan to Commissioner Harold Howe, II, in Washington, to educators across the country, and to the Philadelphia Board of Education, in which we are proposing a system of educational parks.

Under this proposal, children will attend schools in integrated situations and have an interracial, pluralistic experience. We are saying that through these educational parks all children can have their potential developed, whatever it is. There can be a concentration of services in each park which is not possible in any other way. The community can be involved. Teacher training can be stepped up and administrative processes improved.

The Board of Education here has reviewed our plan and has adopted some of the concepts, but they have not gone far enough. We have seen no other program presented in this country which would assure quality, integrated education as much as the educational parks proposal, which is not new to the Philadelphia Urban League.

Health Services: Go to the People

In the area of health we have been concerned about North Philadelphia and the entire city as a whole. For Negroes the health statistics are astronomical. In some areas of every big city health problems and the consequences result in genocide. When you hear a Black Nationalist cry "Genocide," listen. We are very much concerned that people become frightened and defensive, and punitive — when the extremists in the civil rights movement say that there is genocide.

We would urge this committee to secure health statistics from every slum community in the country. In Philadelphia the infant mortality rate in two health districts of North Philadelphia average something like 45 out of every 1,000 live births. For the country as a whole it's about 25. For Philadelphia as a whole it's 30. The infant mortality rate in two health districts in North Philadelphia is comparable to the infant mortality rate among Negroes in the State of Mississippi, where for the most part they have midwives.

In the North Philadelphia area there are world famous and tremendously effective health institutions. But having the health institutions there is not enough. We must learn to go to the people where they are. The Urban League recommends community health centers whereby community organization workers can go and knock on doors and go where the people are, educate them in health practices and the use of health facilities, and how to articulate their health needs to public agencies and to the community at large.

There is nothing that is more critical than health problems in the black ghettos of this country. In North Philadelphia there are gastrointestinal diseases which you will find nowhere else in the city. The tuberculosis rate is several times higher in the slums of North Philadelphia than in the city at large. Venereal diseases are tremendously high and they are going up all over the city.

In the overcrowded black slums of this country the health problems are acute. When you talk about the use of health facilities and family planning and all the other gimmicks that are good, we need to go in and help people to help themselves in the ghettos, and we need to concentrate municipal services and employ the people themselves to help clean out and maintain their neighborhoods.

Targets in Housing

Specifically, the Urban League of Philadelphia has some recommendations about changes in the ghetto. We think there ought to be a national fair housing law and that there be no letup in the efforts to achieve Federal fair housing legislation. Laws alone will not bring about desegregation or open occupancy patterns. But those of us who are working to achieve free and open housing markets know that a Federal fair housing law would give us a platform from which to work.

It will indicate that the people of this country want everyone to have a decent home of their own choice in a neighborhood in which they want to live, at a price they can afford. We think that public housing needs strengthening. We think there should be a dispersal of public housing across the country through scattered sites or purchase or lease of existing properties. Public housing will not do the job alone. But there should be a new look taken at public housing.

And I don't think we should — as we have done all over the country — react to the opposition of those who would not have public housing in their communities. Public housing should be in every community. And every community should reflect varied occupational and racial and income levels. Public housing should not be restricted to the ghetto and the segregated neighborhoods of the big cities.

I think that the conscious and controlling policy of urban renewal and redevelopment programs should be what I have just described — that new and emerging neighborhoods must be broadly inclusive of a range of incomes and racial and ethnic groups, and that where Federal funds are used this must be the policy. Federal support should not be given where there is segregation and racial discrimination. We think that Federal legislation for rent supplements should be pushed and supported by local communities and by the legislative bodies in Washington.

This is needed to fill the gap between the very low income ceiling set by public housing and the minimum incomes required for housing which is available on the open market. Under 221(d)(3) housing, we don't agree with the amendment proposed in Washington in Congress that nonprofit groups or private agencies should be excluded. We think church groups and civil rights groups and social agencies should be able to promote and create nonprofit groups for the use of 221(d)(3) services. We think that this program too should be pushed and supported.

Under the Model Cities Program, which the Urban League has supported ever since it was first devised, we would say first of all that the program needs more money. We appreciate what the Congress has done but this is not enough either. Much more money is needed. The Model Cities Program should be amended to require comprehensive desegregation in every city where there is a Model City activity.

It's not enough to say that in the target area there should be open occupancy and desegregation and equal opportunity. There should be a comprehensive plan and effort in the city. The Model Cities Act should be amended to require regional, metropolitan-wide plans for desegregation. It just isn't possible to desegregate a target area or a city without looking at overall regional segregation and housing patterns — restrictive housing patterns.

Through the Model Cities Program and new dispersed public housing units and the Federal fair housing law and rent supplements, we can desegregate the cities and at the same time, through rehabilitation and redevelopment, make present ghetto areas desirable neighborhoods for all our people. At the Urban League we think that in the

ghetto areas there should be tax support which would encourage private enterprise to establish small businesses and light industry to provide jobs for people who live there. Those of you who have traveled across the country have seen the wide open spaces in the ghetto areas caused by urban renewal. These vacant land areas ought to be put to use.

Through tax abatements and tax support and tax advantages, private enterprise could be encouraged to develop activities within the ghetto and create jobs. Agencies such as the Urban League, with Federal funds and the help of the Small Business Administration and local small business corporations, could establish training programs for local ghetto business enterprises. We are speaking specifically of the cry of the Black Nationalists for control of their own institutions where they live.

We think we ought to use Federal funds and Federal support to train Negroes in the ghettos, and other people in the ghettos, to become businessmen and to develop their own small business activities. Here we are talking about a liberal, aggressive small business program which will reach out to the people where they are and help them to establish businesses, to provide jobs, to become productive citizens.

Finally, I would say that the services of the Philadelphia Urban League and the Urban League movement — and we are now in 84 cities and 35 states and the District of Columbia, and by the end of this year we will be in 100 cities and 40 states — the services of the Urban League movement are available to pull together the black leaders in the ghetto, to help them plan and work for expansion of constructive activities.

Ghetto-Based Activities

Many Negroes are kept from receiving bonding certificates for construction because of rigid experience qualifications. We urge that a survey of Negroes in construction and related activities be made to determine how they can best be brought into the construction industry, so that they can participate in building programs that affect them. They ought to have an opportunity to work and plan and help build their own communities through such a program.

I would end by saying that we have learned through the poverty program with all its criticism that there is a great reservoir of leadership among the poor and the underprivileged in this country; in the ghettos in this country; among the black poor people in this country. If we reach out to them and involve them in discussions like this, they can articulate much more eloquently their problems and what they see as solutions than we can who are professionals.

If I say anything at all which is important it is that this leadership ought to be reached and ought to be brought into such discussions and ought to be listened to. Sometimes that kind of leadership is

strident and disrespectful and boisterous and vociferous, but it speaks to the point. And it talks about the concerns that people have and it tells how people live in the ghettos. Those voices should be heard.

MR. FEINBERG: Thank you very much, Mr. Freeman. Our next witness is Dr. George Sternlieb,¹ Professor and Director of Research at the Graduate School of Rutgers University.

STATEMENT BY GEORGE STERNLIEB

MR. STERNLIEB: I can add very little to the very significant information which was imparted to you by my two predecessors here. I'd like to touch very briefly, if I may, however, on some aspects of the broad picture and then turn to the very limited area in which I have some degree of competence.

On the broad picture: We basically have gone through, I would say, two stages of thinking about the city. The first stage was the Golden Age stage — the romantic notion that if we move some potted palms downtown or build some parking garages — or cleared out the Negroes — or built some highrise apartment houses, that the city would come back to the sometimes legitimate, sometimes romantic, notion of what it once had been.

In the course of this we did a great many things, none of which brought back the city and some of which were very harmful to the people in the city.

The second stage of the game, and I think in part we are still there, is once again to voice concern about the people of the city, but then to lose sight of the people in terms of some particular improvement, some particular amenity. I'm afraid that housing, in a certain way, is substantially this kind of hobby horse. I would suggest that housing in the city — or any other amenity of the city, any other service of the city — be used purely and simply as a means to an end: the end being the improvement of the aspiration level and achievement along the road for achieving those aspiration levels, for the people who live in the city. And if this aspiration level conflicts with improving the city, with maintaining the city, then we'll have to do without the city. And if the "city beautiful" concept and/or good plumbing, conflicts with the needs of the people, then maybe we'll have to do with a little bit less plumbing.

We have several different housing problems, if you will. If we were doing straight, old-fashioned, private market analysis here (and I'm a market researcher) we would say basically that we have to segment the market. It's a tough job to segment this market. We've had reference, for example, to people under \$2,000 a year income, or \$4,000

¹ Author of *The Tenement Landlord* (New Jersey: Urban Studies Center, Rutgers University, 1966); "The Future Downtown Department Store" (Cambridge: Joint Center for Urban Studies, Massachusetts Institute of Technology and Harvard University, 1962).

or \$6,000. We'd also have to say "people of certain ages." And we'd have to say "households of certain sizes," within each of these groups.

Plumbing and Morale in Housing

Each of these groups requires a different type of attention. But the type of attention that they require is one both of plumbing *and* of morale. And again I'd like to repeat that "morale" — I'm using the word very broadly — desire, hope, realistic achievement of those hopes, is much more important than the plumbing, per se.

The one area in which we have done a little work in my shop is the question of homeownership and the potential of homeownership to secure reasonable types of housing. And when I say "reasonable type of housing" I'm not talking about code type housing. I mean housing that is maintained, kept up, cleaned, painted. It may or may not fit any of the census definitions of what the house beautiful should be. But in and of its own class, it's pretty good.

What we found is that the only way you get this type of maintenance is when you have resident owners. In studies conducted in Newark, and now on the Lower East Side of New York, the correlation between a resident owner and good maintenance comes through very loud and clear. We've also discovered that there is a rising number of new minority group owners. Sometimes they are owners who to the outside world may be owners in name only.

A white owner has too many violations, gets too many problems, and he's scared to collect the rent. He takes one of his tenants and says, "Go ahead, you're in business. Just sign this here paper." "This here paper" is a balloon mortgage on a parcel which might be worth \$12,000 and there might be \$18,000 worth of paper. On the other hand, to many of the people who sign this piece of paper, this is the first ray of light. This is a hope. If they can keep their wives working, and themselves working, and they keep the place rented, ultimately they accumulate capital.

What is required, if we're ever going to integrate an orderly flow of the Negro and the Puerto Rican, who in many ways are the most recent immigrants into the central city, out of the central city — the same way anybody else has gotten out of the central city — then they are going to require capital accumulation. It can be capital accumulation by business ownership, and I would suggest that it can be very positively capital accumulation through house ownership.

I'm not talking now merely about one-family houses. I'm talking about two-family houses and three-family houses and six-family houses — and I wouldn't shudder at the thought of 20- and 30-family houses. The forced saving inherent in homeownership has been very substantially responsible for a good part of whatever savings white middle-class America has. And I think you can do the same for Negro ownership. And Puerto Rican ownership. And I might add — it is *beginning* to do the same.

But it's beginning to do the same sometimes in the very face of government policy, and certainly with very little in aid from government policy. Sometimes it is in the face of government policy because substantial areas that Negroes could possibly own have been cleared. In addition it suffers from the lack of government policy because there is very little in the way of Federal financing that actually trickles down to the areas I'm talking about.

The FHA won't look at them; it has really no mandate to look at them. (Let's be kind for once to the FHA.) When you do have a government housing program, typically the phrase inserted into that program is that before you can get financing you must bring this thing up to "code level." So you have this new owner who has bought a parcel — let me give you an example, rather than speak in the abstract.

A parcel is purchased. The cash value is about \$8,000 or \$9,000. The owner puts down \$1,000. He's a plumber's helper. He has a wife who works as a hospital aide. The owner puts down \$1,000 cash which he has scraped together from relatives. He signs mortgages for \$13,000. He's very proud of his house. He maintains it very well. He decided it needed an overall job, sidings to floor work. He went to the FHA. The FHA said, "Absolutely! You're just the kind of guy we want. We're going to send down an architect and the architect — without any fee from you — will tell you basically what this house requires, what it's going to cost."

That's wonderful. The architect comes down. He's a very sensible fellow. He says, "Your sills don't look so good, you're going to need a good roof, those window frames are pretty loose." And before you know it, there is a projection of house repairs costing \$10,000 on a parcel which with improvements might have been worth \$10,000.

The owner, who is faced with the necessity of improving his parcel well above the market, because the market in this area won't support a \$20,000 parcel, could make the repairs if he wanted to get FHA help. But he doesn't get FHA help. Because he's a sensible business man. He said: "I live here and I know the problems this house has, but you're asking me to commit suicide financially. You're asking me to do something no other landlord does, in order to get Federal help."

So the question of code and the question of government requirement of codes is a very tough one. We find owners — many of the new owners — who are very troubled by the tax picture. The trouble is of two pieces. On the one hand, in this country most local taxation is property taxation. And most local municipalities are in trouble financially. The bases are not growing. The rates are going up.

So he finds himself squeezed there. But more than anything else, he also finds himself intimidated by assessment procedures. How much is my house worth? And you find an awful lot of owners, including our new resident owners, who will tell you in confidence, "Anything you can do inside without getting a permit is OK, but don't paint the front of the house!" This is the fear of reassessment.

And by the way, it's a legitimate fear. Because many of the cities which say "if you fix up your house you're not going to be reassessed" end up reassessing. So the owner has this trouble. The new owner has one more problem. The problem of guidance. Frequently this is the first house he's owned. The man is proud of his house. And no sooner does he move in than the specialists in overselling him move right in on his tail. And there are specialists in selling storm windows, there are specialists in selling new aluminum siding, there are specialists in overselling the roofs. And we get what an associate of mine refers to as the "storm window syndrome."

Why Not an Urban Homestead Act?

You go into an area where housing is pretty beat up, and you can spot the new Negro owners. Every one of them has been sold storm windows. (I'm exaggerating — but just a little bit.) These people need some help. In a study which we did, entitled *The Tenement Landlord*, we suggested some adaptation of the old Homestead Act. Let's call it an urban Homestead Act.

As you remember, basically what our government did a hundred years ago was to say, "We have a lot of undeveloped land and if you're willing to go out on that land and live on that land, and build a house on that land, we will not only make this land available to you very cheaply, but we'll also offer a whole host of support services. We'll have experts come down whenever you want them to come down — but only when you want them to come down — to tell you what to plant, what not to plant, what to spray, and so on."

I suggest very strongly that this type of approach to a new owner in the urban core might make sense. And I want this owner to be an owner in there for profit. The point of this game is that housing is merely a tool. This individual has to be in there for profit, because unless he makes profit, he and his children and the people who use him as a guide, are not going to move upward.

Minority groups in this country are middle-class Americans. As a matter of fact, you might even say they are 200 percent Americans. Every well-polished Cadillac that you see in a slum street points that way. Every study of liquor consumption, for example, in slum areas, indicates the sales of Scotch to the proportion of total sales of whiskey among Negroes is much higher than among whites. These are people who believe and who are sold middle-class America.

And middle-class America does not live in a tenement. It may use that tenement as a ladder to the suburbs. And I'm suggesting very strongly that it can be a positive ladder. But the path can't stop in the city. So we want that man to make money.

Now, as has been pointed out very properly, we have a substantial segment of the market which simply cannot be housed within its income level. We also have many segments of the market — and let's face them — who because of disorganized family conditions may need

much more in the way of structured conditions than a private owner can give or should give. I would suggest here that there is a substantial role for the nonprofit corporation.

I think that slum ownership may very well be both the complement of, and in many ways as important as or more important than, the concept of small business ownership in the central core.

If I may turn very briefly to another area. Some of the concepts of Black Power are very romantic. When I say "romantic" I'm using the word in the literal sense of talking about things as they were, or things as they were thought to be. The small store in a slum area is substantially a thing of the past. If you look at their white owners, for example, you see an elderly bunch of people. They are there because they're there and because they're still making a few bucks.

But it's not vital enough to attract young people. And if it won't attract young whites, then I suggest to you that it probably isn't worthwhile for young nonwhites. There can be exceptions. But basically, ours is the age of the automobile or the car pool. People will go to the discount house. The Two Guys store in many areas has replaced the credit merchant. The supermarket has replaced the local store. The drygoods store is a thing of the past. I think we have to face this. The Negro, and to some degree the Puerto Rican — though the Puerto Rican is somewhat different — come to the American scene late. And many of the ladders towards the middle class are broken down by time, by changes in the way we do business.

The Puerto Rican has a language enclave. He speaks Spanish and he has customers who speak Spanish. So in a sense, he owns them. The rise of the Puerto Rican stores is a tribute to this. So to a certain degree he is much more like certain of the older immigrant groups, who spoke Yiddish and did their own people in, who spoke Italian and did their own people in. But this is how you get a middle class.

It's the Negro who does not have this language barrier surrounding and protecting him. Particularly in the face of this problem in terms of time, in face of the rise of big consumer business as against small consumer business, in terms of the lack of a language barrier to help, I would suggest that homeownership, tenement ownership, is even more important than it ordinarily would be.

MR. FEINBERG: Thank you very much, Doctor Sternlieb. Our next witness is Miss Eve Asner,¹ who is presently the Director of the Neighborhood Park Program of the Department of Licenses and Inspection, Philadelphia. She established and directed the city's first neighborhood park program which has gained national recognition for its success in involving residents of blighted areas in the planning, construction and maintenance of vest-pocket parks, usually three to five rowhouses in lot size. Miss Asner.

¹ Formerly Chief of Code Education, Philadelphia Department of Licenses and Inspection; Director of Public Relations and Volunteer Services of Albert Einstein Medical Center, Philadelphia; Assistant Director of the Greater Kansas City Health and Welfare Agency. Graduate, George Warren Brown School of Social Work, Washington University, St. Louis.

MISS ASNER: I'm here today to discuss a small program dealing with small parcels of open land in blighted areas. It's a small program that has had considerable impact in Philadelphia. It's related to some of the other problems we discussed today.

Philadelphia Vest-Pocket Park Program

I'm proud to say that Philadelphia is the first city to establish such a program. We have had overwhelming response, especially from the poor. We are seeking ways to expand the program because the demand has been so great that we cannot meet the demand, and we will welcome any suggestions on how we might expand our program, and certainly any questions about what we are doing.

Like any large city, Philadelphia has long been plagued by abandoned structures and vacant lots in declining neighborhoods. The properties are often dangerous eyesores, depressing the property values, and always a headache to the city's code enforcement agency, in this case the Department of Licenses and Inspection. Many of these properties are also tax delinquent and have accumulated other municipal liens.

Until 1961 any of these that were put up for sheriff's sale on the basis of liens were available only to private parties or private firms, who could acquire them for a minimum bid of \$200 and hold them for a long period, beginning another sequence of tax neglect and neglected maintenance. In 1961 the Land Utilization Section was established in the Department of Licenses and Inspection to assemble parcels of such land for the use of various public agencies by forcing sheriff's sales for delinquent taxes and other liens.

In a short time the land bank that resulted cut acquisition delays and costs and supplied several hundred properties for a variety of public agencies. As a result of this experiment, tax delinquent properties have become a major source of vacant land and vacant structures for the Housing Authority's scattered sites housing program, and in the next three years it plans 5,000 structures either rehabilitated or newly built. Tax delinquent properties are also being utilized by non-profit corporations supplying low- or middle-income housing.

To return to the original land-bank program: the entirely unprecedented feature was the provision which allowed individuals or groups to lease city-owned lots at no cost for any open-space use judged to be in the public interest. When several more prosperous block organizations built what were actually do-it-yourself parks and play lots, the demand for lots and our assistance in developing them grew rapidly. The original concept of total self-help was modified when it became evident that most land bank properties are in the lowest income areas, where good intentions and willing hands are plentiful but money and tangible resources are nonexistent.

In 1965 we received a private foundation grant in the amount of \$25,000 for the actual construction of parks. This provided us with our first community worker, a construction and design technician, and funds for tools, building materials, and play equipment. In late 1966 a \$140,000 Urban Beautification grant was received from the Department of Housing and Urban Development for the construction of 60 neighborhood parks in a 12-month period. This, with the City's appropriation, will result in 80 parks by late 1967.

The Federal grant has enabled us to offer a larger range of services and materials. Community workers are now available to evaluate applicants for parks and to guide them from start to finish in maximum participation. Brick masons and cement finishers can instruct the residents in certain skills, and we have a landscape architect and a landscape technician who help each group articulate what its block needs; and then to formulate a design which will fill the needs of that particular group.

The selection of sites is based on the block need for a park, the availability of a lot or several lots. In some cases it would be the availability of a deteriorated building, sufficiently tax delinquent so that we could get our hands on it and tear it down, the suitability of the lot or the structure — and these are usually pinpointed by the residents — the relative physical soundness of the block considered, and the ability of the requesting group to sponsor a site.

Our design criteria are: filling the need of a specific neighborhood, the compatibility of the design with the neighborhood, inventive use of limited space to provide the necessary play experience and/or adult activities, low vandalism risk, and simplified maintenance. The parks, of course, are built to eliminate eyesores, to relieve congestion and to provide close-at-hand off-the-street amenities, mostly for tots up to 12, their parents who supervise them, and the elderly. Most of the tots and the elderly have limited mobility and can't ambulate to the larger recreation centers that might be in the neighborhood.

The parks serve the residents on the block in which they are located and the immediate surrounding blocks. They are designed by a landscape architect and by a core of professional architects who volunteer their services to do one or several sites. We have had some wonderful experiences with volunteer architects who see this as their contribution to the Great Society. They have been wonderfully inventive and wonderfully generous of their time and talent.

Through our community relations program the architects meet repeatedly with the residents in the neighborhood before and after preparation of the layout. Their discussions are guided by our community workers who assure that the group understands the design, so that they can participate in construction on the level of their capabilities. Their participation, we have found, sometimes sharpens certain skills which can be applied either to subsequent improvement in their own homes or on other cooperative ventures in their block.

Their unpaid labor also keeps down the cost of the park. The range of the cost is from \$500 up to \$7,000. The only work at present

that we contract under our program is that of paving surfaces and construction of fences when they are needed. The parks are generally built by our crew of skilled people and laborers, with the supplemental help of residents in painting, planting, simple construction such as assistance in building of forms, bricklaying, carpentry, and several other things.

In summary, our objectives are to provide visual and recreational amenities which will enhance neighborhood life and improve the physical appearance of blighted areas. An equally important objective is the motivation of self-expression, self-help, and the acquisition of skills through the involvement of residents from start to finish.

We believe we are attaining these objectives. In addition, the quick, visible renewal — although it's not as substantive as all the other renewal programs in the city — has reduced citizen cynicism about the pace of urban renewal. Also, in several instances, the formation of groups that complete sites and proceed to other improvements on their block, plus the actual evidence of physical improvement, has encouraged such agencies as the Philadelphia Housing Authority and the Philadelphia Housing Development Corporation to undertake housing rehabilitation in the same block.

Finally, we feel that since we are the first program of this type to be officially staffed and funded in any city, we have had an opportunity to develop meaningful standards for site selection, design, construction, equipment, and criteria for community participation. We believe that this type of park should not be limited to disadvantaged neighborhoods. Our topic today is disadvantaged neighborhoods, but there is much opportunity and much need for similar small-scale open-space facilities in middle- and high-income areas.

Because of our limited funds we are, of course, confining our services to blighted areas.

I have some slides which will take about four minutes. Mr. Chairman, may I? I want to apologize that the slides are not as sharp as we had hoped because there is no curtaining in the room.

COMMENTS OVER SLIDES

... Here we have a typical lot. In the back is an abandoned car. The department in which we are located has the responsibility for enforcing the code on open space. This is one of our most encouraging responsibilities, because whether it gets the owner to clean up the place — which is often an impossible task — or whether it goes in and abates the nuisance itself, usually whatever conditions existed to begin with to create that situation are repeated. And they will continue to be repeated unless something positive takes place on the property.

... This is an actual site that we did this year. It has been developed into sitting space for Golden Age groups. We like to think of this as our housing for the elderly. This is a front view.

... And here are several interior views.

... Here we have the typical rowhouse complex from which many of our parks result when one or more of these buildings becomes dilapidated and is torn down. Here is one on the road downward. I'm sure these are not new to any of you.

... Here is a lone one holding out. Some of the conditions are also not new to you.

... This is a situation where we acquired the property and tore down the structure preparatory to building the park. We do have limited funds for demolition of buildings and we are in a particularly fortuitous position when the building becomes ours, even though it doesn't meet the Department's criteria, because we can take it down once we get our hands on it.

... This is a single vacant lot resulting from demolition.

... Here are some lots of all sizes and shapes.

... Here is a vacant lot on which children are improvising some play.

... And of course the classic condition of use of these lots for automobile graveyards. When we come in, our first job is to clean up the lot. Our second stint is to use the funds that we have for curb and footway repair, which announces that something is going to happen there.

... Here we have a situation where a lot was worked on. This is a South Philadelphia site and you can see the residents at work.

... This is the same site close to completion.

... Here is another area which became a park and a tot lot. The 4-H group in Philadelphia — the County Agricultural Association — has developed an urban 4-H program and they also had a role in this. This was formed with salvage materials, which we don't use very much because we feel they contribute to the beat-up appearance of the neighborhood. I think you would be surprised at the pride and the feeling of proprietorship which is engendered in most of the groups after they participate in this. They become "watchdogs" on what happens on those lots.

... This one is in the Spring Garden area. It was converted into a tot lot also. By the way, our largest park is 10 contiguous lots on two streets and it's large enough to provide both teen facilities and tot facilities. We feel that for our purposes the ideal maximum size would be four vacant lots. These lots are usually 15 feet wide and approximately 60 feet deep. We feel that if we undertake anything more than a total of 60x60 feet the neighborhood is pretty inert both physically and organizationally. It also presents certain maintenance problems for the neighborhood group.

... This is a tot lot and basketball area in Germantown.

... Here we have a really lonely, abandoned area that became a tot lot. This is in the Negro ghetto in North Philadelphia.

... We emphasize new materials and bright colors, and sturdy, easily maintainable materials. This is a simple garden. These gardens are usually done by individuals who have come up from the South and have always had gardens and they enhance a lot which adjoins their house. There is always a division of responsibility in constructing these parks. Residents are assigned certain chores and we carry out others.

... Here is a wonderfully inventive tot lot in the South Philadelphia area.

... Here is another one just dedicated a week ago Saturday. This is a neighborhood park. There was some objection to it because it's located across from a bar. We do have some problems getting adequate respect for it from the people across the street, but we still think it presents fewer problems as an improved site than it did as an eyesore.

... Here is a tot lot run by a volunteer architect. It has become a focal point for the Recreation Department's play-street activities and Get-Set programs and other programs in the neighborhood.

These also become focal points for adults to get together and plan other cooperative efforts. We have not had even 75 percent success in resident follow-through, recognizing that they are oppressed by many problems more serious than participating in and completing this type of park. Sometimes we have had to take on and complete the whole thing. This is not the ideal situation but we feel that at least we have accomplished some renewal in the area.

MR. FEINBERG: Thank you very much, Miss Asner. We will have a question period by members of the Commission. Then, if anyone in the audience wishes to testify, he may do so.

I'd like to call first on our Chairman. Senator Douglas has done such an outstanding job and has devoted himself so diligently to the task with which we are charged that if anything emanates from this Commission that is worthwhile, I must confess it is due to his inspiration.

QUESTIONS BY COMMISSION MEMBERS

MR. DOUGLAS: *I'd like to ask Miss Asner some questions on the vest-pocket parks. Largely stimulated by an earlier article of yours, I took this up in New York with the very redoubtable Mr. Robert Moses — who believes in large-scale development. Mr. Moses poured scorn on the idea of vest-pocket parks. He said that a park of less than three acres could not be administered, that they required careful administration which would be lacking. What would you say to Mr. Moses were he here?*

MISS ASNER: I believe Mr. Moses would find some supporters in that. The National Recreation and Parks Association also has expressed similar sentiments. I believe they still think of it in terms of the traditional kind of recreation facility where site selection is made and

work is contracted and it's professionally staffed for programming and for maintenance.

The key to our kind of program is community organization. It's a new phenomenon, a new philosophy that has not been accepted by professionals like Mr. Moses.

MR. DOUGLAS: *Could I summarize it by saying that the conventional approach has been that recreation should be furnished on relatively large units by professionals for people, whereas you aim to have people themselves provide a large degree of the activity and participation required?*

MISS ASNER: Yes. And that we also propose to put these within recreational areas to serve a constricted group of people within that area; to be embraced by a neighborhood.

MR. DOUGLAS: *I started political life as an alderman, and this construction on vacant lots seems to me extremely important. We cleaned something like 15 lots and after we cleaned them there was no community to carry them on. We planted 500 trees, but there was nobody to see that the trees were protected. How are you able to develop community spirit which will follow up these things?*

Community as Key in Small Parks Program

MISS ASNER: We don't undertake any site unless it's initiated by a group, unless they come to us and say we're concerned about this particular location and we'd like to do something about it. Our community workers do screen the organization's resources and their past experiences for accomplishing things. Philadelphia believes in having a relatively strong community organization structure. I think the other panelists here today would agree with me that community organization is basic to many of the programs that we're talking about under urban and physical renewal.

MR. DOUGLAS: *You say you have 60 of these parks now?*

MISS ASNER: Yes.

MR. DOUGLAS: *And these have been set up within a year?*

MISS ASNER: They will have been set up by the end of the year under the Federal grant.

MR. DOUGLAS: *They have all been cleared by people in the locality?*

MISS ASNER: With variations. In some cases the people have dropped out. Although we have screened them and have tried to assure ourselves that there would be substantial community participation, we have had the same experience you did in some cases. In other cases we have had success, with complete follow-through and with improvements over and above what we had planned.

MR. DOUGLAS: *In how many cases have you been able to sod the area and in how many cases did you have to take the stones or concrete that you inherited?*

MISS ASNER: I'm sorry, I didn't hear that.

MR. DOUGLAS: *In how many cases were you able to produce a sort*

of garden park by sodding the area, and planting flowers and shrubs, and in how many cases did you take the bare rock or stone base?

MISS ASNER: Usually we encourage gardens only on single lots or small portions of large lots. We firmly believe that there has to be standard design and construction, paved areas, retaining walls, in order to provide a site that can be maintained and that's really going to stand in the neighborhood for a long time.

When we first started we had little planting areas and we had railroad ties as retaining walls. But we don't believe in those now. We believe in design that is going to provide for the group's needs and in the kind of construction that will be long-lasting.

MR. DOUGLAS: *Would you lay a concrete base in areas which did not have it before?*

MISS ASNER: Yes, we do that. Most of them do not have concrete bases. They have rubble as a result of the demolition.

MR. DOUGLAS: *You mean now?*

MISS ASNER: When we take the raw lot it does not have a concrete base. All we have left is the rubble that was thrown into the basement as a result of the demolition.

MR. DOUGLAS: *What do you do with the rubble?*

MISS ASNER: The rubble is left there as a base for the paving.

MR. DOUGLAS: *I see. Are the vest-pocket parks used?*

MISS ASNER: Yes, they are.

MR. DOUGLAS: *Are they loitering parks or activity parks?*

MISS ASNER: They are both. They disturb the residents when they become loitering parks for what they say are the bad children from outside their neighborhood. There is some loitering.

In reference to your question as to whether they are used — they are less used if they are fenced in with chain links. And about 80 percent of the applicants come to us with the initial request for chain link fencing in order to protect their facilities. We discourage this, but sometimes we feel we must concur with their wishes. We discourage it because when the park is not fenced off from the neighborhood it encourages more use, more rapport with the neighborhood.

MR. DOUGLAS: *Do you have any problem of assaults in the park?*

MISS ASNER: None yet.

MR. DOUGLAS: *This is one of Mr. Moses' fears.*

MISS ASNER: Right.

MR. DOUGLAS: *Well, I congratulate you and I hope other cities follow your example. New York is beginning to. I talked with Mayor Lindsay and he is very keen on the vest-pocket parks.*

MISS ASNER: Yes, New York sent a delegation here several months ago from their newly established Small Parks Division. Mrs. Dolbear reminds me that there are more assaults in abandoned houses than there are in neighborhood parks.

MR. DOUGLAS: *The parks get everything out in the open.*

MISS ASNER: And assaults can just as conveniently take place on a littered lot as in a neighborhood park.

MR. DOUGLAS: *You know, I think this is really capable of great extension. We found that there were 6 million vacant lots in cities of the United States. And I've just seen a survey of Harlem made by the young folks up there. That's one of the most crowded sections in the country, and there 2 percent of the land mass was in vacant lots and 11 percent of the land mass was in abandoned houses. The average for New York City in abandoned houses is 4 percent.*

MISS ASNER: I think much of the traditional resistance to neighborhood parks comes from a concern with maintenance. This can be overcome if they include the idea of community participation and involvement. But I also feel that these parks are so important that if the city provided some maintenance and service it would be worthwhile.

MR. DOUGLAS: *You think next year would be a better test?*

MISS ASNER: I think we can draw some conclusions now as to maintenance needs.

MR. DOUGLAS: *Thank you.*

MR. FEINBERG: Thank you, Senator. Mr. Jeh Johnson.

Suburban Sharing of Housing Problems

MR. JOHNSON: *I'd like to ask Mrs. Dolbeare and Mr. Freeman if they would comment on efforts, if any, that are being made locally to share some of the problems in housing with suburban areas around Philadelphia.*

MRS. DOLBEARE: Roughly 80 percent of the nonwhite population in the region live in the City of Philadelphia. So obviously, if we're talking about integration we cannot talk in terms of just the City of Philadelphia. The Joint Committee on Minority Housing (JCHM), with which both Andrew Freeman and I have worked, began by calculating as best it could the rate of growth of the present ghetto areas. We found that the number of Negro families added to the ghetto in the Philadelphia region is at least 4,000 per year.

We decided to begin there. We took Morris Milgram's words to heart. If you're talking about desegregation and integration, what you really need to talk about are the areas that are presently white. This has been our focus. We have two approaches. The first is to try to discover the kinds of policies, local and national, that are needed to facilitate integration of minority and low-income families in the newer, suburban areas of our region.

The second approach is to try to use the tools we have available now. What makes the Philadelphia approach different from some other approaches is that we have involved a large spectrum of community groups. We have involved the business community as best we could, we've involved church groups, we've involved local Fair Housing Councils, and we've involved some suburban employers indirectly through one of the participating agencies.

Our approach in suburban communities will not be to say, "We Philadelphians think you should be providing X housing units for X

people from Philadelphia." The approach is already beginning to be, "Look, we suburban employers have jobs, and we can't find people for the jobs we have open because those people can't live in this community. Therefore we would like to build rent supplement housing or we would like to have some public housing in this community."

I think that by having the stimulus come from within local communities we can begin to make significant progress. I thoroughly concur with all the recommendations which Morton Lustig made yesterday. I think that in order to achieve our long-term goals — real housing integration with even distribution of minority and low-income families throughout the region — we are going to need some new policies.

But we are so far from getting the last ounce out of what we already have that we don't need to wait to begin until we get some basic changes.

MR. JOHNSON: *Dr. Sternlieb, I'd like to ask you this. You're probably quite right when you say that some of the old rungs up the ladder are worn down, with respect to improving one's condition and getting into a better neighborhood. Do you see a new kind of ladder emerging? What do you see as a way out for people who would like to have some hand in controlling the retail outlets and the other sources of prosperity, whatever they must be in the ghetto districts? Is home ownership the only answer as you see it?*

Look at the Long-Term Trends

MR. STERNLIEB: I think it's very far from being the sole answer. Neither the Negro nor anyone else in this country, regardless of color or language, can escape from the basic long-term trends which are taking place as part of our society. We're talking here about a program which hopefully may be implemented over the next five or ten years. The effects of this program may very well take place over a subsequent 10-year period. So basically we really have to lift our sights. While we don't forget the immediacy — and there is a terrible immediacy in living in a dreadful hole, of being cold in the winter, of kids being bitten by rats — while we don't forget that, we have to keep in mind the fact that we are also talking about 1980.

What will be the shape of American industry, of American commerce, the location of industry, the location of jobs, the types of jobs, the types of retailing facilities — not today, and certainly not yesterday, but tomorrow? So I'm afraid — at the risk of being too pessimistic — that we have to view the America of tomorrow right in the eye.

The bulk of Americans are going to be working for other Americans. The number of owners is going to be smaller, regardless of color, as well as the operators of business, than is presently the case. I think that's pretty clearcut. The Negro must partake of the general shape of American business. And fortunately the opportunities are opening

up. Our problem is that the opportunities are opening up in a very disparate fashion.

If we had had 500 Negro MBA's last year, we could have placed them 10 times over. Every company wants a company Negro and there are a lot of companies. An interesting thing is that some of them who hired company Negroes five years ago are saying, "That guy is pretty good. I think we'll hire a couple more." So the opportunities are beginning to open up.

The Federal Government, certainly, has taken a very positive stand. And I think we're going to see more of that. It turns out that it doesn't hurt. We've gotten over that — "I don't know what he's going to look like, I don't know what my employees will say" — it doesn't hurt. But what of the opportunities for people who are left behind — well, we just completed a 4,200 household employment survey in the city and we compared the educational background of the people who were employed against the people who were not employed.

The handwriting is very clear there. In an independent study — and this is one of the fallacies of census work — we gave reading tests to people who supposedly had "finished the tenth grade." Not uncommonly they were functional illiterates.

We ask: Who are these people? Ten years ago we used to rationalize that it was very nice to live up North and be a white liberal. The very simple rationalization was, "Good Lord, those dreadful people down South! They don't educate anybody." But the functional illiterates that we were testing are in very substantial measure products of Northern schools, not Southern schools.

Let me make that very clear. So to a substantial degree, we are in trouble. We're in trouble no longer for the emerging Negro middle-class individual. I think he is going to be very well taken care of. We are in trouble for the guy who hasn't reached that. And while I'm all in favor of Project Head Start and the other summer programs, what we've had is the educational establishment holding its hands across its chest.

We've had a progression. The colleges have said "We can't take in Negro high school students because they're badly trained." The high schools claim they can't train Negroes because they come out of the grammar schools and they're no good. And now the grammar schools say it's the kindergarten experience, and we've finally worked our way back to where we say, "Unless we have them at the age of three, they're ruined."

I suggest that a very substantial part of this is rationalization — it ain't my problem, it's somebody else's. But in any case, what are we going to do with the people who right now are not three years old but who are 15 and 16 and 17 and 18 and 20 and 25 and 30? What kind of opportunities can we give them?

Let me just take issue with a couple of things. I have done an employment survey and a job training survey. This is very limited; it's one man's view. First of all, in terms of job development and job training, very few of the programs can be analyzed in terms of cost

effectiveness, because the bookkeeping stinks. Programs are funded for a thousand people and then when you try to find out how many people get through the program, how many people end up with jobs, and how many people keep those jobs, the numbers are terrible. I say this as a numbers expert, not as an employment expert.

Secondly, very frequently, we find that the people who are employed are the employable. For example, only 3 percent of all the people who went through the job training programs of the New Jersey State Employment Service have less than eighth grade education. We have a helluva lot of people who have less than eighth grade education. What happens to them?

I took a look at the Urban League survey of 6,000 applicants. I looked at the people who got into programs and got jobs, and I looked at the people who didn't get jobs. The Urban League does a bangup job. But if you look at the number of applicants and the number of placements you find that the bulk of the applicants do not get jobs. And the applicants who are placed are very different in background and training from the applicants who do not get placed.

This is not an argument against job training. But I think it is an argument very strongly for a much more substantial effort than anything we have done so far. I cannot see any point in putting people into small businesses which are disappearing. I think it makes as little sense as the people back a generation or two who were advocating home handicrafts. We are living in a machine age, in a big business age, and there's no point in romanticism, because you're hurting people when you give them false hopes and false aspirations.

We're going to have to live with America. We're not going to create a separate America. Not unless you want to create a zoo — which I don't think we want.

MR. DEGROVE: *Mrs. Dolbeare, if I might ask you a question. If I understand the data that I've heard in the last few days, Philadelphia joins New York and some other sections of the country in producing no housing for really low-income people, people at the bottom of the scale. In New York I think public housing is coming in at \$18 a room. Here, I understand that some of the houses that are abandoned and rehabilitated are rented for a minimum of \$65 a month in the public housing program. Is that true? And that this is supposed to cover only the service and maintenance costs.*

This seems to me a remarkable figure — a rather high figure. I just wonder what costs get into that?

MRS. DOLBEARE: I hope you'll be able to ask that question of Chris Emerson tomorrow, because he's in charge of the program in Philadelphia.

MR. DEGROVE: *I will.*

MRS. DOLBEARE: I haven't seen the breakdown for about a year, but this is my recollection. I think about \$30 a month pays for heat and utilities, over and above the charge for utilities paid by the tenant. There is a reserve for maintenance because the Federal annual contribution contract covers interest and amortization on the purchase

of the house and its rehabilitation, but does not cover the kind of maintenance expenditures that will be encountered. Even though the Housing Authority, in my opinion, over-improves the structures, they are not quite the equivalent of new structures; so their maintenance is high.

I don't really recall what the other elements are. I think it should be noted that their minimum rent now equals what the median rent was in Philadelphia in 1960.

Quite clearly the housing market has been competitive in terms of cost and quality. I thoroughly support what Dr. Sternlieb said earlier when he was talking about codes. Our subsidy program is keyed to minimum housing code standards—not to major rehabilitation. There is plenty of housing in Philadelphia that can be maintained at this minimum standard and put on the market for about \$65 a month.

The trouble with the public housing program is that we build in higher costs than we need to. How much better it would be for the city and the community if, instead of trying to put an expensive unit on each vacant lot at a cost of \$14,000 per structure, we spent \$3,000 for a vest-pocket park and used \$11,000 for the purchase of a turnkey unit in good condition somewhere else.

Mechanics for Regional Plan

MR. DEGROVE: *Thank you. That seems to me to be a great trouble indeed with the public housing program: that they are only able to come in and adopt the same level with a minimum standard house and it will be brought into the private market. This seems to me to distort the purpose of the public housing program. But I'll pursue that tomorrow.*

I didn't get a chance yesterday to ask this question of Mr. Lustig. You mentioned that the only regional plan in the Philadelphia metropolitan area grows out of the Federal Highway Department Act. From the point of view of planning, how is this done? What agency does it?

MRS. DOLBEARE: Federal funds were provided some years ago for a regional transportation study. This Penn-Jersey Transportation Study had representatives from the City of Philadelphia, the City of Camden, the City of Trenton, and from each of the counties and the two states involved. This has now been renamed the Delaware Valley Regional Planning Commission. Until about six months ago it was a change in name only. The Commission is now beginning to get some substance to its program, over and above transportation.

However, the only reason we've been able to get this kind of co-operation has been that the Federal Highway Act requires that there be a regional planning agency and at least the basis for a regional plan. When I came to Philadelphia back in 1956, the Southeastern Pennsylvania Planning Commission—an earlier attempt at regional planning—was just in the process of going out of business.

The opportunity for Federal funds has made it possible for us to construct a regional planning program in Philadelphia.

MR. DEGROVE: *Under the present legislation, as you see the Federal and state and local stipulations, will this regional planning agency be able to produce a metropolitan-wide housing plan?*

MRS. DOLBEARE: I think as a practical matter at least 90 percent of the money will have to come from Federal funds. The problem is that the commission has only four urban representatives (center city representatives); the rest come predominantly from the surrounding counties. They recognize the importance of a housing plan but it is much less important to them in terms of their own problems than some other things.

And I think these county representatives would have a very hard time getting from their own local communities — their county commissioners — an appropriation to pay for a regional plan for housing. I do think that the commission as it is presently set up, can produce a regional plan if they can get the money for this function.

The next obvious problem is that the commission as yet has no way of implementing its plan. And I think this is one of the places where the citizens organizations like ours come in. I think we, working with other groups, will be able to help create the kind of understanding of the problem and the need for this sort of approach which will make it easier to implement the plan.

Promote Negro Tenement Owners in Slums

MR. O'NEILL: *Dr. Sternlieb, I have a hypothetical question and I would like your guess on it. It may be unanswerable. If raised assessments due to improvements were waived for a particular wide area in the slums where homeownership might be possible, and if strict code enforcement were waived for the same area, and if government long-term interest loans, subsidized and insured at high risk, were made available, what proportion of the families in the slums you are familiar with could become homeowners and what proportion of the structures might slowly be rehabilitated? In other words, would this save the slums?*

MR. STERNLIEB: Preamble: Let's assume that right now we gave ironclad guarantees for no reassessment. Furthermore, to push it even further, no increase in the tax rate. Remember that in Newark, for example, the tax rate went up 20 percent just this past year. In Boston within the last two years it has gone up close to 20 percent. This is not inconsequential.

We further guarantee the landlord some relief from code enforcement and we give him mortgage money.

White landlords, in all probability, would not improve. This is not a theoretical answer. We asked them. And for whatever it may be worth, whenever you ask somebody to do something that puts them in a good light, and you're not in a position to pin him down, the

odds are he'll say, "Sure, I would! If it weren't for those bad guys and those bad influences, how delighted I would be to be a high-class guy."

When they say, "No, I wouldn't," I believe them.

The market is pulverized. What we've had, within the last year, and particularly since the Newark riots, is that the price of a six-family, frame, cold-water tenement (which is the modular type) goes from roughly \$16,000 down to about \$10,000 — and no takers. Many of these people play an end game. They just want to get out and you could give them a cornucopia of goodies and all they would try to do would be to cash them in as fast as they could and get out.

We've had a lot of virtual abandonment. And we are not unique. By "we" I mean Newark specifically. But you turn to the real hardcore areas elsewhere and it's the same. It's the same in Cleveland; it's the same in certain sections of New York City. Tax arrearages are going sky high. People are walking away from their parcels in some cases.

On the other hand, if you have a landlord who can relate to his tenants — and he relates to them by race and because he lives there — these things are very significant to him. They are very significant to him because I'm not talking about a resident landlord who is a professional man, and I'm not talking about a resident landlord who has a really good civil service job. I'm talking about a resident landlord, a Negro, who has a steady job as a truck driver, who may not ever get into the plumbers union but he's a plumber's helper and makes \$3.50 an hour and makes it every week.

To this man that tenement, which to you is a slum and to me is a slum, is a place that he's living in. And what I'm suggesting here is that if we can put him in business — and the things we have mentioned are essential for putting him in business properly — if we can put him in business with a minimum of nonsense, a minimum of questions about how much rent he's going to charge — let him charge what the market will bear; if the tenants are going to be done in, let them be done in by one of their own — a minimum of requiring him to improve the parcel well beyond its value — if we can do this, I think we have a potential winner.

There is no one universal solvent in this business. This is a multifaceted market and we're just talking about one segment. But for that one segment, I think you hit the nail on the head.

MR. DAVIS: *Dr. Sternlieb, I was very interested that you included in homeownership not only one-family units, but two-, six-, thirty-family units, and possibly even more. What kind of government assistance would be required to assist 30 people to buy a home and operate it, to buy a tenement and convert it into humane living quarters?*

MR. STERNLIEB: I hope I wasn't misunderstood. The area in which I have worked is essentially individual ownership. I know that the current buzz words of the profession are co-op ownership, condominium ownership of one kind or another, and I think these should be explored. I cannot speak to them. I've had no exposure to them. I feel

that there is nothing wrong in an individual owning, for example, a 20-apartment old-law tenement. There are 40,000 old-law tenements in New York City. They are not going to disappear. That's basic. I don't care whether you have regional plans or local plans. They are not going to disappear. Right now on the Lower East Side — just to cite chapter and verse — a 20-family old-law tenement, the old dumbbell tenement, is selling for around \$20,000 to \$22,000. That's not a heck of a lot of money. As long as those things exist — hopefully, some day they won't — how do you make life as bearable as possible for the people who live there? You have no place else to put those people.

Secondly, can those very structures be utilized for the overall good of the groups who are confined to the central city right now?

I think you can answer both of those questions through the possibilities of resident ownership. Currently, the way resident owners are born is essentially through the pattern I pointed to before: the kited mortgage; the owner who works for the benefit of a variety of shysters. If you'll forgive an anecdote, in the course of a recent study we interviewed a money-lender. He specialized in second mortgages, third mortgages, and breaking heads.

This is a business. And in the course of the conversation he said, "You know, every time I take back one of those parcels they bring in the books." I said, "What kind of books?" I hadn't heard that expression before. Well, it turns out that for these installment loans on improvements they give you a little strip book, like a Christmas Club book. Each time you make a payment you rip off a ticket.

He opened up a desk drawer and it was loaded with these installment payment books. Those books represent new owners, buying parcels at terrible prices, being conned and fast-talked by a variety of fast-talk artists into over-improving them with short-term money. Each one of those books represent the absolute breaking of the aspiration level, if you will.

This market wouldn't exist if people didn't want to buy something. And this is what they can afford, or think they can afford. All I'm suggesting is that we have just a little reshaping of this market by the government, so that these people can get a reasonably decent break in acquisition and a little bit more in the way of guidance than they presently get.

MR. DAVIS: *I'm glad I misunderstood you, because we now have a new avenue. If the middle class, as you said before, can have forced saving through ownership, then also the poor can have forced saving through ownership. And if they can afford to pay rent to a tenement, they can also afford to own a tenement, as a collective group. My question is, do you think there is any instrument of government which could assist the groups that live in tenements where the building is up for sale to unite and buy the building? And then be instructed in how to operate it?*

MR. STERNLIEB: Again, I have very little expertise here. Most of these programs are relatively new. My own feeling is that we have the

sad case of the white middle classes using their own abstruse view of the world and attempting to impose it upon the clients.

Doubts about Co-ops for Poor

The co-op concept in this country — the consumer co-op — with the exception of some limited success in the Midwest has never flourished as it has in Europe. I fail to see it flourishing, particularly among the poor. The poor are the most conservative of people. You can sooner sell a co-op or a condominium to the rich. They understand it. There are tax benefits to it.

You tell the poor man he can own his own apartment and a piece of the corridor and he'll tell you, "What the hell is that? Who owns an apartment? Those people over on Fifth Avenue? I don't relate to them." So I'm just a little dubious here.

MR. BLACK: *Mrs. Dolbeare, I'm interested in your subsidy program but I'm a little bit concerned about the manipulation of that median rent figure. What protection do you have built in to keep people from manipulating that and cheating the government?*

MRS. DOLBEARE: Basically you have a manipulation of the free enterprise system, assuming that it works. But if you make the bottom 50 percent of the housing in a community available to the people in the bottom 10 percent of the income distribution, then you have a lot more housing units available to them than they are going to use. And I think this is the best built-in insurance against an inflation or a rise in the cost of housing.

I think this is much better than, for example, rent control. One of our conclusions in Philadelphia, long since, was that rent control really doesn't work in the absence of an adequate supply of housing; and, if you have an adequate supply of housing, it really isn't needed. So we wanted to structure this program in relation to the housing supply.

The second thing is that by providing to the person receiving the subsidy the option to purchase rather than rent — which we very strongly urge — we open up the potential of homeownership. I'd like to cite some statistics from a study we made on the potential of homeownership. If you take the FHA 221 program of 40-year mortgages, with no downpayment, at market rate of interest, the median value of housing in the Philadelphia area was about \$7,000 in 1960.

The monthly carrying charge under those terms at 6 percent interest, for interest and amortization, would be about \$38.50. And if you add \$35 for other costs, the total monthly charge would be \$75. That's about what the Philadelphia median rent is today. Everybody says Philadelphia is different. But we compared Philadelphia pretty carefully with national averages and found that Philadelphia is not nearly so different as we used to think it was. The places that *are* different are New York, particularly Manhattan, and Chicago.

Philadelphia's ratio of housing expense to income is 19 percent and the national figure is about 19 percent; the cost of housing in Phila-

delphia is not very different from the national cost of housing. We took a look at the housing supply nationally. The number of potential homeowners — renter families with incomes between \$5,000 and \$8,000 — is roughly one million. And there is an existing supply of at least a million single-family houses which they could afford to buy if the normal rules of thumb for the value of renter property were applied.

We found that if you coupled a suitable mortgage guarantee with a subsidy program you'd have another million families who could purchase. And there is much more housing available than they would need. We then tried to estimate administrative costs, using FHA figures for administration and foreclosure costs, and we came out with a cost of \$640 per family served by this homeownership program.

You lose some money because some people don't keep up their payments. But you make it possible for 2 million families to purchase rather than rent, simply by letting them take money which they are now spending for rent and apply it to amortization of a 40-year mortgage. I think this is feasible. It would cost a little bit of money; but, in my opinion, we would get the most value we could for the money. And it would keep the costs of the subsidy program down because you would have a much more adequate housing supply.

MR. BLACK: *Do you have any experience for concluding whether or not people will actually compete under those circumstances, or do you think they might tend to cooperate? I mean the landlords who would be setting the rent.*

MRS. DOLBEARE: Well, the other control we have is this. We're talking about pegging the subsidy to a median rent for the area. Let's say the median rent is \$75. The subsidy would equal the difference between what a family could afford to spend — say it's \$25 — and the median. In this instance, the recipient would get a subsidy of \$50 for shelter. This doesn't mean he has to spend \$75 for shelter. If he can find an adequate unit for \$65 he would only put in \$15 of his own money. Then, he would have \$10 available to spend for something else.

We think this builds in an incentive to try to get cheaper housing. Under the present system there isn't any incentive. The cost always gets passed on to somebody else. Under the welfare program it's passed on to the state. Under the public housing leasing program, it's passed on to the landlord with whom the Housing Authority negotiates the lease. It doesn't matter to the tenant whether that housing is available somewhere else for less. Obviously, the landlord tries to get the highest possible rent from the Housing Authority. With the tremendous subsidy that's available under that program you can afford to have rents of \$110 and \$150 a month. This is much more than you need to pay.

But there's no incentive to keep rents down to a minimum and spread the subsidy among a larger number of people.

MRS. SMITH: *I'd like to ask just one question. I find not only in Philadelphia but in other cities there is a great creative effort going into finance, into the study of taxation; but there seems to be a singular*

lack of leadership in studying the product. We're always talking about what to do with the product, how to finance it, and so on, but it appears to me that unless Philadelphia has some new program I haven't heard about, right from top to bottom there seems to be a lack of true, creative study of the product.

Building methods, rehabilitation methods, how to do things, for what prices, products that are appropriate, and so on. Can you explain why this is so?

MRS. DOLBEARE: I think your point is correct. We tried to do this last year and we felt we wasted an awful lot of time.

We tried to make a proposal for new communities: what kind of new communities we should have, where they should be located. The best we could come up with was that we need to make it possible for people to choose for themselves. I'm not saying that what you are talking about isn't necessary, but I don't think we need to have consensus on everything. In spite of the program I have advocated and my conviction that it's really necessary, if we were to spend \$5 billion a year on housing the poor it wouldn't really matter *how* we spent it.

There are a lot of ways of doing things. And to wait until we find the best way is to throw away time that we really don't have. Granted, there are lots of things wrong with the product right now and there are lots of ways to improve the product. But if we make it possible for people to have some choice between different products we'll find that maybe the best product will come out on top and maybe it won't.

We were rather set back when we took a group of community people to see Eastwick. Here were some of the best houses in their price range ever designed, and what we did find? We found that the people from West Philadelphia, the people who were supposedly interested in buying, didn't want all this nice design. What they wanted was the same kind of rowhouse that everybody else was buying in the Northeast.

So I think it's not just enough to provide the product. Somehow we also have to get people interested in the product when it's available.

MR. WOODBURY: *I'm looking at my watch and I've concluded that I'll simply thank the witnesses and pass on asking any questions.*

MR. FEINBERG: Is there anyone here who desires to testify? If not, we will recess now until 2 o'clock this afternoon.

(Adjournment.)

TURNING VACANT HOMES INTO ASSET

MR. DOUGLAS: Ladies and gentlemen, friends, Mayor Tate, Congressman Green, Mr. McLaughlin, Mr. Feinberg, members and associates both of the Commission and of the City Administration:

First, we want to thank the Mayor for his hospitality, and I assure you we deeply appreciate it.

It is quite a thrill to come to Bookbinder's which, when I first knew it 50 years ago, was a much more humble institution that it is now, and it was an inspiration to walk down from Independence Hall and in that great square where American liberty was first established and then maintained in the Constitution and to see the chair in which George Washington presided. I didn't have time to go up and look to see whether on the back of it it had the famous sun — you remember that Benjamin Franklin said he had often looked at the sun in that chair and wondered whether it was a rising sun or a setting sun, and the old man, who was 84 at the time, at the end of the Convention said that he thought it was a rising sun, which it has turned out to be.

I remember when I first came to Philadelphia years ago trying to find Carpenters' Hall, which was where the First Continental Congress met and being unable to find it because it was surrounded by obscuring buildings. It took me another year to find the Second Bank of the United States. Now these great buildings are all combined in a fine complex, and after a century and a half we have concluded that we will admit Nicholas Beidel — I won't say into the real sanctuary — but we will admit him into the Congress of Americans.

The battle between Andrew Jackson and Nicholas Beidel was one of the great battles of American life, and the Democratic party was born, really — the modern Democratic party — was born in that battle starting with Jackson. I have always had a very low opinion of Nicholas Beidel, but we are willing to forgive even though we don't forget. (Laughter.)

Lincoln Steffens once wrote a series of essays on Philadelphia, which was in the old days, Mayor, when they had a Republican administration here, in which he referred to Philadelphia as "corrupt and contented." The people at times have said the same thing about Chicago, but we have never been contented.

Well, we all remember very vividly the three great Democratic mayors that we have had here — Joe Clark, mayor from '52 to '56, who has been our very valued colleague in the Senate since then, a magnificent Senator, my close and personal friend, served with me on the Banking and Currency Committee, and the two of us stood shoulder to shoulder in helping to pass some of the housing legislation under which we are operating. Dick Dilworth, who served for four years. And now you, Mayor Tate. And while I can't express any hopes

for the future, you know where our heart is, because we are a non-partisan organization. We have several very fine members of our Commission who I think are Republicans, but they are a superior type of person.

It is a great joy to introduce a man who needs no introduction, the Mayor of Philadelphia, Mayor Tate.

STATEMENT BY MAYOR JAMES TATE

MAYOR TATE¹: Thank you very much, Senator.

Congressman Green, members of the Commission, members of my own staff and the members of my cabinet who are present this afternoon — they occasionally get together with me at lunch, and certainly it is a pleasure to have them with me on the occasion when we are receiving this Commission.

I first want to officially greet the members of the Commission in a warm Philadelphia way. We are indeed proud to have you here and we are pleased to have you for lunch in this famous room at Old Bookbinder's.

We are more than pleased to have the distinction of welcoming this great American, Senator Douglas from Illinois. As the Mayor of a great city and as the current President of the National League of Cities, which is an organization devoted to various municipal problems, I do think that the mayors of America are very fortunate to have such a distinguished American with such great ability heading this Presidential Commission on Urban Problems. We do hope that with your visit here you will be able to drink in some of the wonders of Philadelphia, and I am more than pleased that the Senator has been able to recount some of his own experiences here as well as to make some comment about the famous Nicholas Beidel-Andrew Jackson days.

For you Democrats who have often wondered how the Jefferson-Jackson Day dinners began, that is how it began. I do remember, however, when Jim McGranery was living, that we had a Jefferson-Jackson Day dinner in the old Benjamin Franklin Hotel on Washington's Birthday. Of course, that was in the days of Jim McGranery — I don't know whether you remember him or not, Senator. That was in the days when we didn't have much money, and when you had to have a fund-raising dinner at the Benjamin Franklin Hotel. It was pretty rough. It is a great hotel, but you can't raise much money there. Now we have them in Convention Hall, where we seat some five or six thousand people.

I would not pretend that we in Philadelphia have all the answers. In fact, I am sure that you know this, now, that you have had some hearings.

¹ Mayor of Philadelphia since 1964. Acting Mayor 1962-63; member Philadelphia City Council 1951-62; president 1955-62. Member Pennsylvania Legislature 1940-46.

I believe that the crisis of our cities cannot be solved without massive assistance from the Congress and the Executive Branch of our Federal Government, from the governors, including Governor Shafer of Pennsylvania, and the state legislatures, and finally, and more importantly, from the private sector of our economy.

In the field of low-income housing, which I understand is the thrust of your hearings here and in most cities, I believe Philadelphia has come up with some innovative and imaginative programs which we think may be applied throughout the rest of the Nation.

But parenthetically, and with great emphasis, I say from the beginning that this is not all my idea, that our thinking in this respect is the combined knowledge of our great professional people like Ed Bacon, who heads our Planning Commission, Fred Corletto, Ed Martin, Pat McLaughlin, Dick McConnell, and even Ed Bauer, who is the Bobby Kennedy of our administration — I did not say Bobby Baker; we have a Bobby Baker, but I won't mention his name. (Laughter.)

But we have for some time been trying to solve, like so many other municipal administrations, the problems of low-income housing, and many times we have our problems with an agency known as the Housing Authority, which has a split control. They are not very cooperative, but they are willing if they are pushed. And we, of course, have to use the force of the Development Coordinator, as manifested by Pat McLaughlin's work here, and before that Bill Rafsky who was his predecessor. We have devoted a considerable time to this entire program, which we think is one of America's basic needs.

A Philadelphia First

I am happy to say today that we do have a dramatic new first for Philadelphia in the field of low-income housing. Actually Philadelphia is the first city in America where low-income buyers will be able to purchase sales housing for as little as \$40 a month carrying charges. The housing specialists — and I assume that you know something about it or you wouldn't be here — refer to this program as 221(h).¹ Senator, as you know from your experience on the Banking and Currency Committee, when you have a housing program it usually takes the name of the section of the Act which identifies the program.

This section was placed in the bill by Congresswoman Sullivan, a very good friend of ours from St. Louis, and an able member of the House Banking and Currency Committee. Many times she questions us when we appear before that Committee, which, incidentally, is chaired by Congressman Barrett of the First District of Philadelphia, which is the district nearest the airport. Congressman Barrett, Senator, commutes to Washington every day because his district is right at the airport. He goes to Washington in the morning, comes back at

¹ Mortgage insurance for purchase and rehabilitation of housing for resale to low-income families at below-market interest financing.

night, and they tell me he hears confessions at night (laughter) — that is where he gets all his knowledge about the big city.

It was assumed because Congressman Sullivan was the sponsor that St. Louis would get the first benefit from the provisions of 221(h). But because of the ingenuity, I believe, and the real drive of a group in Philadelphia known as the Interfaith-Interracial Council of Clergy, which is headed by the Reverend William Bentley, who I understand is one of your witnesses, we have been successful in at least starting the program. Under this program we will rehabilitate some of the rundown vacant houses which you saw, Senator, which have been abandoned by private operators, and bring them up to such high standards of livability that the FHA will insure the financing of them — which is an achievement — at 3 percent for 30 years. Roughly, this will provide a two-bedroom house for about \$40 a month carrying charges, a three-bedroom unit for \$50 a month, and four- and five-bedroom units for \$60 to \$70 a month.

When this program was first announced, it, of course, contained some major flaws which made it unworkable, but major credit for working out these particular flaws goes to Pat McLaughlin, who ran head-on into the problem, and a little fellow by the name of Sam Alper, who is the sparkplug for the Clergy.

The group is made up of clergymen who have good intentions, but they have to have somebody who knows something about this business, and Sam Alper has done a great job. He had a little trouble doing it but he really got the job done.

And we did have, finally, a highly sympathetic attitude from the regional office of FHA. Probably this is because of some byproduct of our previous failures. FHA does help the poor people once in awhile, Senator. I have made some speeches about them which they don't appreciate.

A great deal has been said in recent years about programs to provide homeownership for low-income people. The great drawback with all of these programs was that they did not really reach the level which real low-income people could afford to pay.

The 221(h) program as adapted — and I don't say adopted — but as adapted by Philadelphia, offers the first real promise of achievement. We were able to move into this program promptly because we had earlier devised a program of rehabilitating used houses for rental purposes, which was readily adaptable for this program of homeownership, and because we have encouraged the formation of more than 25 nonprofit organizations engaged in one or more aspects of developing moderate- and low-income housing. We have thus gotten the required involvement which Federal bureaucrats often talk about.

The program we had in being is what we called our vacant house program. I understand the Commission members have already made a tour and have seen some of these vacant houses and can appreciate what we are really up against. At the same time we have had an opportunity to see some of the houses that have been finished and how

people are happily living in these areas and retaining some of the integrity of the neighborhoods where they want to be.

Several years ago in Philadelphia, like other big cities, we found ourselves with hundreds and thousands of vacant properties because of a slow blight that had crept in while private investment had walked away from the blighted or the underprivileged areas. Actually insurance companies and FHA itself had walked away from these areas, which were scattered all throughout Philadelphia in our poverty areas. As I say, private enterprise had walked away from these properties, and they were actually dilapidated and unoccupied, and wherever these appeared they pulled the area down. They were horrible eyesores whose very presence caused further deterioration of the neighborhoods in which they were located, and they became breeding places for rats and all sorts of sordid crime and vandalism, and actually were threats to the very safety of the neighborhoods in which they were located.

Moreover, the vicious cycle fed on itself. The more houses that became abandoned the more hopeless it became for private enterprise to operate in these neighborhoods, and thus the rate of abandonment increased as operators walked away from what was their firm investment years ago.

My administration in City Hall proposed to the Federal Government that we, the City government, take these properties, and rehabilitate them up to standards of decency and convert them into housing for low-income families.

Now, in proposing this to the Federal Government I pointed out that it would achieve a great number of worthwhile results: First, by rehabilitating these rundown properties, we could halt this paralyzing blight.

Secondly, we believe that by working with the vacant structures we would not have to dislocate the people in order to create the better housing. Unlike traditional slum clearance programs, every house that is rehabilitated is an instant decrease in our problem but it also increases our housing supply without any intervening period of relocation.

Yes, we did have some "bugs" in this at the beginning when our program got off to a fast start, and some of the houses which were picked by our Housing Authority had people in them. At the time I think Dick Buford, who is now in New York, found out that the Housing Authority was putting people out of good houses so that the Housing Authority could take them over. But now the Housing Authority will not relocate people through this system, but insists that every house be vacated before it is rehabilitated.

Mass Home-Improvement Industry

Through this rehabilitation program we create a new homebuilding industry, achieving economy in operation by building up a volume of units which enables developers to apply mass production

methods. As a matter of fact, we already have asked our Housing Authority to call in some of the general contractors and have them review the total problem with the thought that they could do it more quickly than some of the smaller contractors or developers. This we think will not only save time but will also get more thoughtful organizations into the program.

Finally, we create decent low-income housing of a type which is preferred by the potential tenants and the neighborhoods in which it is located quicker and cheaper than the traditional highrise public housing projects, which of course are not too desirable in this modern urban living that we enjoy.

Now, because of the experimental nature of the program, it took some time for the Federal Government to work out all of the provisions of the program; and in the meanwhile a pilot program has been operating in Philadelphia under which we have created 1,200 of these units.

Early in August the Department of Housing and Urban Development — and we are so grateful for this — announced a grant of \$70 million to Philadelphia. It is the largest grant for public housing ever to be made, and it is for the creation over the next three years of 5,000 units of low-income housing under this program.

We are now in the first month of this program, this month of September. Some 85 are now under contract and we expect to have another 200 before the month is out, and we expect to place under contract another 200 a month until we complete the entire program.

Our analysis of last year's experimental program shows that we can bear up under the predictions that were made. Last year the Philadelphia Housing Authority produced 1,000 dwelling units in less than one-half the time that it has taken to produce 500 units on the most recent elevator construction.

The cost of a three-bedroom unit — and this is important — under this program is \$11,700, compared to \$20,000 per unit in the elevator or highrise type construction, and the rent for a three-bedroom unit is \$63 a month, including all utilities. Because these units represent a different style of living for public housing — as a matter of fact, we can take the larger families in these rehabilitated houses because they are not limited in the number of bedrooms — and because of the interest in this program, tenant applications have doubled since the program started.

Lease-Purchase Program for Low-Income Group

Now the 221(h) program adds another dimension to that program — homeownership. And I should like to propose even another dimension to both programs which would in my opinion enable us to achieve the greatest flexibility in meeting the housing needs of our low-income people. My suggestion is that the 221(h) program be given a lease-purchase provision so that those people who could not meet the immediate financing requirements could be permitted to rent

until they had built up an escrow account or an equity which would enable them finally to purchase.

On the other hand, I should like to see our Public Housing Authority also be given the right to enter into lease-purchase agreements so that they could transform their tenants into homeowners at such time as they became ready and able to do so. Through such a device not only would we encourage more people to own their homes with all the attendant results of good tax ratables and the pride of ownership, but we would free up more of the low-income rental units for those who critically need them.

Several months ago I announced that the objective of my administration for the next four years would be to make Philadelphia the first slum-free city in America. I think it was Hubert Humphrey who had said so many times that the word he hates most is "slumism." And I believe that while this appears to be an ambitious undertaking, it is an attainable goal which can be accomplished if we apply ourselves.

We have determined that there is a real need during the next five years for 45,000 units of low-income housing in Philadelphia alone, and we have actually set up a program to meet that need. We are not relying completely, of course, on the rehabilitated rental or ownership property to meet that goal. We must also have a greatly accelerated program of rent supplements.

Of course, it is encouraging to know that we are getting more money from the Federal Government because of what has recently happened in the Senate. In that regard I welcome the announcement by Gilbert Fitzhugh on behalf of the insurance companies who, as you know, presented a proposal to the President of the United States and the leadership of the Senate and the House as well as the Department of Housing and Urban Development only last week in the cabinet room in which they pledged one billion dollars of their capital toward low-income housing in America as their commitment to what can be done in the big cities of America. I believe that this is a turn in the right direction, for the insurance companies actually had walked away from this problem before.

I certainly commend the action of the Senate Appropriations Committee and the Senate itself in approving the rent supplement funds which have been requested by the President. Mr. Fitzhugh said that the money was available at once. In his words, he said, "We will put it to work now, and preferably in the rent supplement area," and the President responded and gave some examples about how the rent supplement program will work.

But, of course, we are all laboring under the burden of not having sufficient money from the Congress for the rent supplement program, and I hope that what has been done by the Senate will be a good start in that direction.

Now, meeting the need for low-income housing will take a complete commitment to that task by the Federal Government, our state governments, organized labor, and the private sector of our commun-

ity; that is, private industry. We in Philadelphia are straining our local resources to the utmost to meet that need. I do believe that we have a sense of complete commitment. I believe that we have talked about housing in this administration more than any other subject. We have made some real starts, and while we have merely scratched the surface, I think that we have provided programs which can be viewed as worthwhile by not only your Commission but by the people who take an interest in housing all throughout America.

Some of the other mayors tell me that they can't do as well as Philadelphia because they have different type housing. We have the advantage of the masonry type construction, which was started back in the colonial days—it wasn't started by Jack Kelly. Of course he always said that this was a mason's town—and he wasn't referring to the fraternal organization; he meant bricks. And for that reason I think in Philadelphia we have a better opportunity to go ahead with the rehabilitation program than in cities like Detroit or Milwaukee, which have pretty heavy sections of frame houses.

We believe this entire situation can be solved. We believe that we in Philadelphia exemplify what is known as a sense of urgency which was recently adopted by the convocation of the Urban Coalition which was, as you know, Senator, co-chaired by Andy Heiskell, of *Time* and *Life*, and by Mr. A. Philip Randolph, of the Sleeping Car Porters Organization, who is a great civil rights advocate. And in that group were Henry Ford and Walter Reuther, George Meaney, Ed Keenan, Mr. Fitzhugh on behalf of the insurance companies, and many other heads of industry as well as civil rights leaders and people in nonprofit organizations who united, accepted the fact that we have a sense of urgency in the big cities of America today, and committed themselves just as our founding fathers did in Philadelphia back in 1776. They pledged their life as well as their honor to the commitment that not only should government go ahead but that private industry and the private sector of the community, and the nonprofit organizations, should go ahead with programs which could be helpful to the big cities of America. And with regard to the pledge they made with respect to constructing at least one million low-income housing units and providing at least one million jobs for the underprivileged and improving the attainable goal of better training and better education, I do believe that they can be helpful.

I am pleased to note that they are not relying entirely on the Federal Government, that they are putting some emphasis on the state governments and on the private sector as well. And again I say the note of the commitment by the insurance companies was more than just encouraging. It shows they meant what they said.

As I stated to the Speaker of the House, John McCormack, in our presentation to the leadership of the House and the Senate in the meeting we had in Washington only two weeks ago, never before did we have a commitment of the private industry as we do today. And I think with their cooperation that we can really solve some of these situations.

I trust and hope that with the knowhow that has been made available to you, and with the talent that can be obtained in this field, that your Commission will be successful.

I was saying to the Senator while we were having lunch that I was reading only the other day that people have been talking about the problems of the big cities for the last three decades, and now it is time to get beyond the talking stage and call for action. I happen to be an action man. When I became Mayor I wanted to be Mayor because I knew that that is where the action was. And I think that this is what we have to do because, as we predicted three or four years ago, in the big cities of America there was smoke on the horizon and last year we saw the fire. And unless we solve these problems, with the cause of unrest, particularly in the field of housing, you are going to have not only unrest but you are going to have unhappiness and finally violence again.

You cannot solve it by saying, "Well, now, we will wait until next spring, or we will wait until next Fourth of July." You have got to begin and do it now. And I hope that those who are interested will not drop their activity in this respect because things have slowed down and the cool weather is here. Today is the first day of autumn or, as they say in some sections of the country, this is the first day of fall. And I trust and hope that many other people will unite with your Commission in going ahead with an action program to bring about the solution of this very trying problem in the greatest crisis that America has faced in the last decade.

Thank you very much.

MR. DOUGLAS: Thank you very much, Mayor.

I am told that an even more remarkable fact than that the insurance companies are going to put up a billion dollars is that FHA has agreed to insure those mortgages. Is that correct?

MAYOR TATE: That is true.

MR. DOUGLAS: So wonders never cease.

It has been a great pleasure to be here and we appreciate your coming with us, Mayor, and we wish you the very best.

Thank you very much.

(Adjournment.)

*Old Supreme Court Chambers
Independence Hall
Philadelphia, Pennsylvania
Afternoon, September 22, 1967*

SOCIAL SERVICES AND HOUSING

MR. FEINBERG: Ladies and gentlemen, if we may have your attention, we would like to reconvene now.

Our witnesses this afternoon are Miss Fern M. Colborn, Mr. Alvin Echols, Mrs. Alice Lipscomb, and the Rev. William Bentley. After they are all through we will have a period of interrogation by members of the Commission.

Our first witness will be Miss Colborn,¹ who is the Secretary for Housing and Urban Renewal for the National Federation of Settlements and Neighborhood Centers. Miss Colborn.

STATEMENT BY FERN COLBORN

MISS COLBORN: Thank you. I will not read my prepared statement,² but —

The sum and substance of it has to do with the fact that we all have to try harder to get a greater acceptance, so that we get financing for the housing program that we need to do. I make the statement that is very familiar to all members of the Commission: that our housing programs are too small, too limited, and too late.

Communication Breakdown in Family Care

I refer to the lack of communication between government agencies and the effect that this has on the housing of families. I note that the kind of communication that I, personally, and our organization, have been involved in stimulating between the Department of Health, Education and Welfare and the Department of Housing and Urban Development has finally resulted — about three years ago — in some directives being issued which required consultation to alleviate some of the problems that existed between HEW programs and housing programs.

Now, we are again in the same boat with regard to the 221(d)(3) program, as the welfare administration in some states is willing to pay one amount of rent for a family who is occupying a 221(d)(3), and this rent is about a third larger than the actual rent paid for the same accommodations by other families in the same 221(d)(3). That is one kind of example that calls for more communication.

Another kind of example I would like to cite, where communication breaks down, has to do with some of the newer programs. We got

¹Known in social work field for stimulating social education and action programs for settlement houses and special services to public housing. Member of Joint Task Force on Health, Education and Welfare Services for Public Housing Residents, 1963. Given Jane Addams Award for Service to Humanity, 1967. Author of *The Neighborhood in Urban Renewal* (New York: Whiteside and William Morrow and Company 1955); *Buildings of Tomorrow* (New York: National Federation of Settlements and Neighborhood Centers, 1963) and many articles. Retired from Federation post, 1968.

²Written statement follows extemporaneous remarks, beginning page 405.

established in the OEO legislation merely a precedent kind of provision so that people would not suffer cuts in their welfare allowance and the housing if they went on the OEO payroll, and the Housing Assistance Agency agreed that they would apply the same criteria to their eligibility for public housing so they wouldn't be put out. But Congress has in the meantime passed another program. I refer here to the Older Americans Act. There have been demonstration grants that have made possible the employment of older people on a part-time basis — which is right, in my opinion — and if these older people happen to live in public housing, their income from their job under the Older People's Program will not endanger their Social Security check, which means they are not over-income Social Security-wise, but it will endanger whether or not they can stay in public housing.

So we have had various instances, not only under this demonstration program but under others, that have caused people to give up their job who would prefer to work and who could make a real contribution to some of the new things we are trying to do. Yet they get hung up because of this lack of communication.

In my remarks on employment and housing, I note our serious concern about the high rate of unemployment among the unskilled and among minority groups. For many years our day-to-day contacts with families have shown clearly that there are thousands of families whose first need is more money. This would make it possible to "keep Johnny in shoes" and keep him in school. The deterioration of this country's Johnnies began two or three generations ago when he didn't have shoes. It was then his family began to drift from city to city, in school and out of school, so that the home lost the roots of family stability and the child's education became the casualty. Today the Johnnies are some of the men who have disappeared from our census rolls (one in six young adult Negro males); but many have left behind fatherless children without the protection of a stable home and a stable family.

I am not referring to Negro fathers alone. Too often mothers who bear these children are also the products of the shortcomings of our society two generations ago. Yet we still fail to recognize the needs of these children in broken homes. Since our laws rightly state that families who must move because of public improvements must be placed in a proper house, and since we have dealt so meagerly with our housing programs, we compound one problem with another and crowd these broken families into our public housing units, almost always without help, guidance or friends. This is without doubt one of our most shortsighted policies today.

This may seem a peculiar description of employment policies, but it is deliberate. We are trying to say to you that these concerns are all one piece and must be so handled: guidance, housing, leadership must be made available.

Too Little Spent on Research

We would add also that we don't know enough, and there has been too little inclination to spend money on research, to learn how to meet these problems. Some of the few research and demonstration programs now being carried on with public funds may well be raising the question as to whether or not our economy can ever afford these costs if all persons are employed by private industry. If this is finally proven to be true, we may be forced to write a new section to the Manpower and Training Act to make the government the employer of last resort, as suggested by Daniel P. Moynihan, so that anyone looking for work and not finding it is automatically given a job.

Now I want to give a couple of quick illustrations here as to precisely what I am talking about, because this spiral of family problems keeps going down and down since we are not getting the right help and are not getting help in large enough numbers.

Very recently I was doing a study in a city and we happened to have a settlement there that has six branches. So I had the opportunity to find out about families who live in that town — who were Negro families, who were white families, and families who came out of the Puerto Rican cultural background. Then I went to talk with the Executive Director of the Housing Authority. I went to talk with him because three of the branches that I had visited were operating out of the community facilities in public housing, and they had talked with me about the large number of families with whom they were working where the woman was the head of the family, and the kinds of problems that they were facing. Over 40 percent of each of those three projects were made up of families with the woman the head of the household.

I asked the Housing Authority executive, "Is there any other possible way out of this than to crowd this many families, with the kinds of common problems that these families have, together in your housing development?"

He said, "Well, Number 1, you have been around town and you see what the highway program is doing to us, and I of course have to house those families; and the only program we have to house them in is the public housing program, and what else is there for me to do?"

Then he said, "In view of the fact that we have less than 2,500 units in our total program here — " this is a city of a little over 100,000 — "the Housing Assistance Agency says to us that we can't use any of our money for social services. So I can't even employ any skilled help to alleviate this problem but must depend entirely on the community agencies, one of which you are visiting, of course."

Problem Families

Then he said to me, "I would like to read you the applications of two families I have to make decisions on this afternoon." In one

family, the mother was 18 years of age. She had two children. She had a record of being involved in some illegal practices in the community. She was not married, and the two children she indicated had different fathers, and she was a leader among the groups who were identified as the leaders of violence in that community.

He said, "Now, if I don't give her a house, then I will be accused of discrimination, and she will use this to whip up sentiment in our community. If I do give her a house, then I don't know what is going to happen with the other tenants in view of her total background." And he said, "I happen to know her; she is really a mixed up person and needs medical treatment."

He picked up the other record, which had many of the same characteristics as the first. This second woman had been arrested four times for alcoholism and other illicit practices. He said, "What do I do with this woman? Shall I put all these people in the same project and therefore really compound the problems in that project, or shall I put them in different projects?"

Now, my point is that there is knowledge that these two families and all the other families that he was talking about could have gotten considerable help. Some of the demonstration projects that have been done in this area help families who are in many of the kinds of difficulties that I have indicated to rehabilitate themselves in a relatively short period of time, from what we know about it — which is too little — in general I would say two years.

Now, the cost of leadership and technical skilled help to do this kind of thing is much cheaper than the cost to society otherwise. And I am talking here about families who do not participate at this point, when they are in this condition, in our community organization programs or in other parts of our society. Somebody has to help them get on board with society, and it is extremely important that we get the wherewithal to do this and that we put it at the point where it is easily accessible and can be used by these families.

In my prepared remarks also I have a section that I call, "A Roof is Not Enough." Here I am talking about today's community organization and what the community organization can do to improve neighborhoods. People must know each other. They must have a sense of pride and a sense of sharing in their neighborhood. I know that other people who are on the panel here with me are going to talk specifically to that; so I am merely going to say something about how backwards we try to do things today.

For too long, well-meaning people have endeavored to teach house-keeping skills to families in low-rent public housing because it was good economics for housing management. When we do the right thing for the wrong reason, our success is minimal. In a few projects that I have followed, where skilled social workers have worked with families who had given up on society, the first sign of change often came when the head of the household cleaned up the yard or painted the outside of the house. Next some attention is paid to the appearance of the

children when they go to school or come to groups at the settlement. Third, the woman of the house cleans herself up — and last, she cleans her house.

Poor Public Services in Poor Neighborhoods

Now, my point here is that for many families the appearance of the neighborhood comes first. Yet too often an endeavor is made to teach them to clean their house first. If we start at the other end we might be more successful. And since the appearance of the neighborhood comes first to her, it is very paradoxical that too many cities and states

- ... forget to clean garbage in poor sections
- ... forget to clean the streets
- ... provide less than minimal police protection
- ... require public housing tenants to pay for their own guards through their rents, even though the city has already been paid for this service

- ... have poor school buildings
- ... have failed in their education responsibilities
- ... handle public assistance on the Elizabethan poor-law concept.

We need less talk, less hatred, and more endeavor to create a climate for all to accept responsibility for what has to be done. This is what I call "winning the war at home." We know how to do better than we do. Surely, the violence and bloodshed of this past summer should be showing us that the inner-city ghetto into which we have forced the Negro, the Puerto Rican, the Mexican and the Indian migrants to cluster, surrounding these citizens with the white suburbs and their superior accommodations, will not work for today's interstate migrants, just as it did not work for their predecessors who were inter-country migrants. It was not until the latter groups were helped to share in all the fruits of the land that they were able to make their contribution to this country. The job is yet to be done with our fellow citizens who are inter-state and inter-city migrants.

Thank you.

Prepared Statement of Miss Fern M. Colborn on Behalf of the National Federation of Settlements and Neighborhood Centers

On behalf of the organization I represent I wish to give special thanks to the Commission for the yeoman service you are rendering through these hearings. We wish you every success in the work you are doing to help build our cities anew. Be assured of our support as you give leadership in seeking solutions to today's problems.

Each year our staff spends several days analyzing the information we have secured in that year from the cities across the United States where we have settlements and neighborhood centers. Last June as we did this we also asked ourselves what we could pass on to your Commission that would be useful.

We listed four priorities:

- (1) Housing, with all its physical and social ramifications
- (2) Employment, particularly as related to persons without skills and minority groups
- (3) The importance of leadership at all levels

(4) The urgent need to make the neighborhood a human place to live

Unlike most lists of this kind today we did not make a special point about education, although we are, of course vitally interested in it and surely understand its connection to all four priorities. We are happy that the problems of education are receiving front-page attention today. Education has friends and acceptance as a necessity of life far beyond the four priorities I have just listed. It is good that the great furor today is for everyone to have an education equal to his ability. The question remaining is, when will we agree to pay for it?

But society has not accepted the thesis that

... everyone should have a decent home

... everyone should have a job

... every slum should be made into a decent neighborhood

... we can afford the leadership to do the job

We are far ahead of three decades ago, thanks to leadership in our government given by Senators Douglas, Sparkman, Wagner, Taft, Ellender and other great men; so that these four priorities are written into law as goals of our society. But we have not yet as a people become willing to foot the bill to attain the goals.

Housing

We appear before you today as a friend and supporter of government subsidies to housing, and from this point of view we wish to point up inequities.

I began my career in settlements here in this city at the beginning of the depression of the thirties. During my years as a young worker we nudged City Hall to tear down the stables of the early Philadelphia gentry. These had been converted to rooming houses and filled with so-called "hot-beds" two decades before. Today in this city the houses in the same neighborhood that housed a working man's family—one family to a house—in the thirties, crowded and well-worn as it was then, are now housing one family to a room. It is more crowded, more worn out and more dilapidated. Also today there is a city plan; a highway will soon come, and that section in this city, I understand, is part of the Model Cities submission.

From the stables with their dingy no-window lofts filled with "hot-beds," through the complete circle to the family rooming-houses filled with hungry, swollen-bellied, ill-clothed children sleeping on the floor, is over half a century; and still the matter of a decent house for every family is in the planning stage. This is too little and too slow and too late for a society that is spending millions to get to the moon and aims to reach its goal within a few months.

I chose my illustration from Philadelphia because I know it and love it and maybe because we are meeting today in Independence Square, in these buildings that are such great symbols of our democracy. An even sadder part is that the illustration fits most every city of our country.

What can you do as a Commission to get decent housing for every person? Our national housing programs are too small, too limited, and too late.

In 1962 the Federal Government spent three and one-half times as much for families of middle income or more on housing, as for poor families. It spent \$820 million to subsidize housing for poor people. (The sum includes Government housing expenditures through public housing, public assistance and savings through income tax deductions.) This \$820 million went to roughly 20 percent of the population.

In the same year the Federal Government spent \$2.9 billion to subsidize housing for those of middle incomes or more. (This sum represents only savings from income tax deductions.)

Next to the "too little and too late" aspect of our housing program comes, to put it clearly, "government red tape." Everything moves too slowly; the details and paper work are beyond necessity. Too many people must approve too many details. Too many guidelines based upon the statistical data that represent the average are applied by government agencies and too little room is left for local flexibility. Since we know the members of this distinguished Commission are very familiar with delays that are unnecessary and unwarranted, let us simply register this problem as another to be solved.

We would next mention the lack of communication between government agencies. (Discussion covered in oral remarks.)

. . . For many generations our society has assumed that one-fifth of family income should go for rent. Yet the amount paid for rent by all renters in this country is approximately 16 percent of income. How then do we do as a society for our low-income families? In the low-rent public housing field about 22 percent of income goes for shelter. By act of Congress, rent supplements are predicated on 25 percent of income going for rent. The poor pay more.

Employment

(See oral remarks, page 402.)

A Roof Is Not Enough

I am sure we would all agree that every individual needs and should have a decent home, a family and friends, and be a part of his community.

Our democracy did very well on this as long as we were primarily a rural nation. That is now over and we must now get hold of our city problem. The face-to-face relationships of the early days must be recreated. Neighbors must know each other and they must have a sense of pride and sharing in their neighborhood.

This is something about which settlements and neighborhood centers have considerable experience to offer. We place high emphasis upon the face-to-face, one-to-one relationship. Jane Addams did this in part at Hull House over a cup of tea before her fireplace. She also went out in the streets and searched out the problem, whether it was in employment, poor housing, poor street cleaning or poor police protection. The same thing is done today by the modern neighborhood organization worker. He uses coffee and sometimes adds donuts. He also gets out on the streets, where the problems are. He directs people to hospitals; he refers them to job centers. He helps them organize into groups for civic action. Concern for conditions in their neighborhood, and a desire for earnest dedicated public officials is always at the top of the agenda in these groups.

I am pleased to report to you that one of the early and one of the best programs of this kind took place as part of the urban renewal development in this city. This was at the Germantown Settlement, and it was under the leadership of one of the staff members of your Commission, Mr. Walter Smart. He then moved on to Boston, where with Ed Logue he has done bigger things — also, as basic, in the sense of creating neighborhoods for people.

There is much loose talk today, largely by those who have had little contact with the joys, sorrows, and needs of low-income people in our cities. These people say, "Just give the poor leadership, they know what to do." No organization has had more experience with low-income people than settlements. We have always used the leadership to be found among the people with whom we worked. Leadership is there. Just like the rest of society, some people have these skills and many do not. These are the people who must have a proper roof over their head, but beyond that they need the guidance of friends and neighbors. Relatives are too often absent. We now know that as long as people are "without name" to each other and are caught in the anonymous life of the big city, we must provide skilled leadership so that the willingness and ability of the people themselves can be unleashed in their own efforts to help themselves. This the neighborhood center can do. Congress has now provided funds for neighborhood facilities. Next must come money for "core leadership" so that the downward spiral that we have described on these pages can be reversed.

(Remainder of Miss Colborn's prepared statement covered in oral remarks.)

MR. FEINBERG: Thank you very much, Miss Colborn.

Our next witness is Mr. Alvin E. Echols, Jr., member of several Philadelphia committees active on urban problems. Mr. Echols.

MR. ECHOLS:¹ Thank you, Mr. Chairman.

I know you have a statement here that looks quite voluminous — but it is triple-spaced; so I hope maybe we can get through with this in less than the time allotted. But if I am not doing so, please raise your hand and I will try to cut it as much as I can. For very specific reasons I would like to give the statement as it has been prepared.

It is our understanding that the National Commission on Urban Problems has two main interests: (1) the generation of “ideas and instruments for a revolutionary improvement in the quality of the American city;” and (2) finding ways of “making cities more livable, with attention to the need for increasing the supply of decent, low-cost housing.”

Now, the North City Congress, of which I am a staff person — and my views are therefore influenced by the philosophy of my organization as to what we need for a revolutionary approach to this problem — the North City Congress is a community neighborhood organization. It is a nonprofit, tax-exempt community organization, a federation of independent neighborhood groups, institutions, agencies, businesses, and concerned individuals in North Central Philadelphia. This is, by the way, probably the third or fourth largest ghetto in this Nation.

The Board of Directors basically comes from the neighborhood in which we live and in which we work. The geographical area of concern has approximately 330,000 people (85 percent of whom are non-white) — as large as some of our large-sized cities. The indices of subemployment, poverty, low educational achievement, poor health, overcrowding, housing deterioration, lack of municipal services and facilities, crime, delinquency, and welfare dependency are higher in this area by far than in the rest of the city.

Thirty-six percent of the housing in North Central Philadelphia is substandard, compared to 15 percent citywide. Thousands of homes are abandoned. The overcrowding rate is triple that of the rest of the city. Over half of the residents have less than nine years of schooling and one out of three families earns under \$3,000 per year. Male unemployment is at least twice the rate for the city at large — 12 percent according to the figures developed by our State Employment Service. Of course we know that we can only count those who have been looking for work and reporting to the Bureau of Employment Services; so all those who have not are not shown in their figures. That is why in certain parts of North Philadelphia you would probably find that the percentage of unemployment maybe 20 or 30 percent.

We are constantly confronted by families whose children are bitten

¹ Born in Philadelphia, educated at Germantown High School and Virginia Union University, graduate of Howard University Law School. Member of Citizens Committee on Public Education, North City Corporation, Technical Advisory Committee to the Community Renewal Plan, Council on Equal Housing Opportunity.

by rats, and so forth. I know you have heard that story, and it is no different in North Central Philadelphia than in Harlem or certain parts of Chicago.

Let me deal for a moment with our urban renewal program, and I am sure that you are quite proud of that. So what I say I hope we can take in the best light.

In spite of Philadelphia's much praised urban renewal program (which no doubt has some major accomplishments to its credit), the housing situation throughout the city's low-income areas is in desperate straits. We still have our 150,000 households in the region which cannot pay for standard housing and still have enough money left for minimum necessities.

A Community Renewal Program study estimates that the years 1960-70 are seeing more low-income families but less housing for them. The predicted shortage of low-rent units in the city for 1970 is 60,000 units. Public housing has a reported waiting list of 6,000, reflecting the many families who need these dwellings as contrasted to the very short supply.

Yet in spite of the city's wide recognition of the desperate need for many more low-income units, the next six years will see literally thousands of poverty-stricken families and individuals displaced from their homes by public action, forced to compete for housing in a market which the policy makers know has fewer and fewer decent homes for low-income persons. One flagrant example of this is the city's continued planning for the Crosstown Expressway, a South Philadelphia artery which will displace approximately 6,000 people, 70 percent of whom have incomes below the poverty line.

I mention these conditions, Mr. Chairman, not only to describe for you the community in which I live and work, but also to indicate the pessimism that I feel about the ability of this Nation to come to grips with these conditions in an effective manner. This way of life, with all its frustration and degradation, is the lot of the majority of poor urban ghetto-dwellers. This is the way of life that has been forced on black people since they arrived on these shores centuries ago. Where is there a ray of hope that this long nightmare will come to an end?

Piecemeal Programs Cannot Solve the Problems

Faced with these conditions, the United States continually comes forward with poorly thought-out, piecemeal programs. Certainly Senator Kennedy gets at part of the need with his tax program for private investment in low-income areas. No doubt Senator Javitz gets at a part of the need with his proposed domestic development bank. Certainly Governor Hughes is talking about part of the need with his plea for better insurance coverage in the slums. But where is there someone at the policy level of national government saying, "Here is the problem of poverty and racism in all its dimensions, and here is a multifaceted program, with a 10-year timetable to solve it?"

Riots and disorders point not to the failure of this or that single program but to serious structural inadequacies in the way our society operates (or fails to operate) in meeting basic human needs.

I believe that America has the resources to bring poverty to an end and to give real hope of liberty to those who are bound by the shackles of racial discrimination. But do we have the will? We are faced with a national sickness, a national pathology — our acceptance of poverty and discrimination and our unwillingness to mount a national program that would offer real hope of removing these cancers from our national life.

Speaking from this perspective, I cannot urge upon your Commission anything less than a total national program, involving the expenditure of many billions of dollars, to meet our urban needs. Piecemeal programs will never do the job. We need to define the problem in its interlocking complexity, then come up with programs that will give real hope to all our people that there is a national commitment to making poverty and discrimination things of the past.

Although your Commission is concerned with low-income housing, I am sure that you would agree that housing cannot neatly be separated from other needs. I would regard it as a tragedy if your Commission, after its months of study and research, were to recommend to the President yet another set of purely housing proposals, for this would only help to lead the country down another blind alley of piecemeal programming. If we are really talking about generating "ideas and instruments for a revolutionary improvement in the quality of the American city," then we should be careful not to limit ourselves to a few specific housing proposals — like rent supplements or new approaches to public housing, new ways of using FHA or new approaches to luring private investment into the slums — as important as these may be as part of a broader program.

Goals for the Needed Overall Program

Let me suggest, in the limited time I have, some of the elements which I believe must go into that "broader program." The first requisite is a clear establishment of national goals and priorities. At the highest levels of government there needs to be a place where the root problems of poverty and discrimination can be defined, planning carried out to find solutions, and resources allocated to meet goals within specific periods of time. I agree with the writers of the Freedom Budget that the best place for this to occur is probably in the President's Economic Reports and the Federal Budget. I believe that at least the following eight goals must be set forth and resources allocated to meet them. With leadership and commitment, I believe that most of the goals realistically could be reached in a 10-year time span.

1. The establishment of full employment assuring, through both private and public efforts, work for all who are able and willing to work.

2. The assurance of adequate income to those who are employed, with the extensions of minimum wage coverage that this would necessitate.

3. The provision of adequate social insurance for those who are temporarily unemployed, so that they will not fall into destitution.

4. The establishment of adequate insurance, assistance, and income-support programs for those who cannot or should not work.

5. The provision of modern medical care and educational opportunity for all, at a cost within their means.

6. The overcoming of neglect in the public sector with programs to combat air and water pollution, to provide hospitals and classrooms, transportation, and conservation of natural resources.

7. The elimination of racial discrimination and the promotion of equal opportunity.

8. Within this context, the destruction of the slum ghetto and the provision of decent housing for all citizens.

If we can talk about a program of this dimension, then we are talking realistically about "revolutionary improvement in the quality of the American city" and we can begin to discuss how the need for low-cost housing can fit in.

Every discussion of low-income housing points to the fact that the main housing problem is poverty, that is, the inability of poor people to afford decent housing. There is simply a gap between what poor people can afford and the price of decent housing. Thus the poor are left with the dregs — the hand-me-downs and cast-offs of the housing market.

Guaranteed Income to Generate Economic Power

A major way to attack this problem is to provide people with good incomes so that they can use their economic power to demand good housing. If the first three goals cited above were met, we would be placing economic power in people's hands and would be a long way toward the goal of decent housing for every citizen. In order to do this, it seems clear to us that the Federal Government must become what has been called "the employer of last resort." We support the recent calls that the Government step into the employment picture, not only in its present capacity as employment bureau and encourager of manpower development and training, but in the actual provision of jobs for people who need them.

We believe that the Federal Government should go beyond the Clark-Javitz proposal, which would generate 200,000 to 300,000 jobs per year, and even beyond the Urban Coalition and AFL-CIO Executive Council proposals for 1 million public service jobs. We feel that the Government should do whatever is necessary to fill the gap between what private business can do and the nation's actual employment needs. The Government should encourage the private sector to go as far as possible in providing jobs and job-training, but it should make a realistic assessment of what private resources can and cannot

do and then step in with its own public service jobs to fill the gap. The Federal Government must give an unconditional guarantee of employment to those who can and should work, and if this means providing more than 300,000 or 1,000,000 jobs in a year, then it must be prepared to do so.

The jobs offered should not be "make work" jobs, which further erode individual dignity, but jobs which provide socially needed institutions and services and at the same time raise the worker's skill level so that he can move up the employment ladder, whether in other public service jobs or in the private sector.

Mr. Chairman, we need thousands of hospitals, hundreds of thousands of classrooms, millions of new rehabilitated housing units — a commitment to provide these through Federal Government programs and inducement to private industry would be a vast source of needed jobs for our unemployed and underemployed. They would provide an enormous opportunity for on-the-job training programs to upgrade workers' skills so that they can compete in an increasingly skill-demanding job market.

But we must recognize that the problem of poverty cannot be attacked through employment programs alone. Millions of our most poverty-stricken citizens, whether through age, disability or some other dependency factor, are not able to participate in the job market. Our scandalous welfare programs provide them with incomes that fall again and again below the poverty line. Although there is not time here to spell out in detail how this might be corrected, let me state our conviction that the time has come for this country to provide a guaranteed income to all its citizens, through family allowances and/or a reverse income tax. We must assure that no one in our society falls into destitution. Each man has a right to a standard of living in keeping with the dignity of the human person, and it is society's responsibility to see that such a standard is maintained. If there were an economic "floor" below which no one in our society could fall, we would again be putting economic power into citizens' hands which could be used to demand decent housing.

While these programs are being put into effect, however, we believe that something must be done immediately to solve the housing problems of the very poor. The most practical proposal, and one which we support, is that the Federal Government establish a program of housing grants to make up the difference between 25 percent of a poor person's income and what decent housing actually costs. Since I am sure that other Philadelphia agencies will testify on behalf of this proposal in more detail, I simply want to record our support for it.

It is easy to see how a national full employment program, with the Federal Government taking a crucial responsibility for jobs and job-training can be related to the need for low-cost housing. The 1960 census showed that there were about 9.3 million seriously deficient housing units in the U.S.A. We urge that the Federal Government take the same kind of responsibility in this area as we are suggesting for the area of jobs.

The Nation's housing needs should be realistically assessed at the highest level of government. Plans should be formulated to eradicate substandard housing and provide needed new construction, with inducements being given to private capital to do as much as it can, but with Government being committed to provide the demolition, rehabilitation, and construction which private means are unable or unwilling to undertake. Resources of program and money should be allocated — again through the Federal Budget and the President's Economic Reports — in such a way that there is reasonable hope of eliminating deficient housing and providing new construction needs, especially for low-income families, within 10 years. Only in this way can goals be set, programs initiated, and progress assessed. Only in this way can Americans have reason to hope that the goal of a decent home in a decent living environment, set way back in the 1949 Housing Act, will be met.

Obviously, a national program of these proportions would generate literally millions of jobs and opportunities for on-the-job training. But the question must immediately be asked: Who should do the building and where should the building be placed?

In summary here, basically we say that when we talk about building units in this magnitude, community people and those who live in the area should be given the opportunity to acquire skills and help build up their own communities. In addition to this, we do not feel that you should engage in a strategy which we call the "good ghetto program" but meet the needs of the poor and especially the black poor right where they are in their own neighborhoods. So therefore we suggest that while you can have target areas, the target area merely identifies the beneficiary, but the benefits should be both inside and outside the ghetto and ought to provide mobility and opportunity to those who want to get out.

I recognize I have gone way over my time, Mr. Chairman, so all I would like to do is conclude at this time and offer the rest of my testimony for the record.

Thank you, Mr. Chairman.

MR. FEINBERG: Thank you very much, Mr. Echols. I appreciate your cooperation. I assure you that your entire statement will be thoroughly digested by the members of this Commission.

Remainder of Prepared Statement by Alvin Echols

Ghetto Dwellers to Help Reshape the Ghetto

The question must immediately be asked: Who would do the building? Would this be left to an outside exploiter? Or would it be done by the people of the ghetto itself? We urge that the program be designed so that millions of ghetto residents will themselves be employed and will have a meaningful role in planning and carrying out the projects that will be done. This means that the Government will have to develop an on-the-job training program which will closely parallel the construction programs and union practices.

Think what it would mean, Mr. Chairman, to employ the people of the low-income ghettos in tearing down the lousy housing they've lived with for so long, providing new and rehabilitated units for themselves and their families. What more dramatic program could this country develop than one in which the neglect-

ed poor have a chance to dramatically reshape their own living environment, enjoying in the process the dignity of work at decent wages, with built-in opportunities for training and advancement?

A second question must also be faced: Where should new housing be built? Undoubtedly, much effort must be put into the ghetto itself. But what is the point of a program which maintains the already crowded conditions in the ghetto, where in Philadelphia, for example, there are 186.3 persons per net residential acre as against 82.4 for the city at large? What is the point of anchoring people to an area from which major job sources are fleeing? In Philadelphia, for example, the city lost 21,400 manufacturing jobs—7,200 just in the period between 1962 and 1964. However, the suburbs have been consistently gaining jobs. When the ghetto dweller tries to get out to the suburban jobs, he finds that the regional transportation systems are entirely oriented toward getting the suburbanite into the city to work and then back home at night. Whereas, the suburbanite drives to the train station, parks, takes the train to center city, and then takes his pick of numerous buses, subways, trolleys and cabs, the ghetto dweller, trying to run the system backwards, ends up at the suburban train station confronted with a parking lot filled with suburban residents' cars.

New Towns and Suburbs Where the Jobs Are

We need national planning which sees housing as a strategy to enable people to earn money, just as we need a national strategy to provide employment as a way of helping people to get needed housing. Let me reiterate that much housing must be planned for the ghetto areas, which have been neglected for so long. But we also need to build new towns and various kinds of suburban developments, near existing and future jobs, whose price levels will permit purchase and rental by people of low and moderate income. We need to focus resources on regional transportation development, until we have a system that functions as effectively for the poor as for the well-to-do.

We need to develop a number of strategies to encourage the construction of low- and moderate-income housing throughout our metropolitan areas. We need to induce states, for example, to develop state public housing authorities to secure land for low-income housing, land which a private developer with no right of eminent domain would never be able to build on. We need to use Federal grants for sewers, transportation, etcetera, as an inducement to suburban governments to themselves provide low-income housing.

A third question is: Will we continue to let racial discrimination block the residential mobility of Negro citizens? As has been stated so often, housing is the one commodity on the American market that is not equally available to all citizens in accordance with their ability to pay. Adequately funded and planned programs of full employment, income support, and housing construction will go a long way toward solving the problems of our cities. But they will never be fully solved until the dollar in the black hand can compete equally in the housing market with the dollar in the white hand.

In Philadelphia, we have experienced numerous incidents of harassment and intimidation directed at Negro homeseekers whose choice of housing happened to be outside the ghetto. I would estimate that not a day goes by in the Philadelphia area without some Negro homeseeker facing unequal treatment and humiliation on account of his race. A study recently released by the Philadelphia-based American Friends Service Committee pointed out that the FHA is not only historically one of the main forces creating the all-white suburbs, but also is today following many procedures which permit and foster discrimination.

Mr. Chairman, we need national fair housing legislation which will permit all our citizens to rent or purchase any dwelling unit that they can afford. We need an enforcement procedure that will assure rapid and efficient action on any complaints, with stiff penalties for persons and organizations found guilty of discrimination.

Mr. Chairman, it is relatively easy to define goals and put down programs on paper. But do we have the will to accomplish the goals and implement the programs? Or is our society in that descending spiral which has destroyed so many civilizations in the past?

MR. FEINBERG: Our next witness is Mrs. Alice Lipscomb,¹ who is President of the Hawthorne Community Council and a member of the boards of the Philadelphia Housing Association, the United Neighbors Association, the Health and Welfare Council, the National Crusade against Poverty.

Mrs. Lipscomb, I want to thank you publicly for your assistance yesterday in conducting us on our tour.

STATEMENT BY MRS. ALICE LIPSCOMB

MRS. LIPSCOMB: Thank you very much. It certainly was a pleasure taking you around.

I am sorry I did not give you a written statement but it certainly is not my field — writing statistics — because I am just a housewife. You forgot to mention that. And I am not a social worker and I certainly do not know how to write all these details and all that.

So today what I would like to do is just share with you our everyday problems that the people face in the slums.

In 1955, when I first got involved in Hawthorne — that is the area you were in yesterday — this was an area that was promised by the Redevelopment Authority as a poverty project for code enforcements. The boundaries of that area were from 11th Street to Broad and from Lombard to Washington Avenue. In this area there was to be citizen participation, and the city with their code enforcement program that was to improve the housing conditions of the people of that area at that time. In fact, if a person had a bathtub in their house, they were sort of considered aristocrats. There were houses without heat, without light, and with outside toilets. And this is the program that the city was to come up with to improve the conditions of these people.

The Redevelopment Authority enlisted the aid of a social agency, the United Neighbors Association, which I am on the Board of, to organize people in the community, and that is how our Hawthorne Community Council was born — through organizing under this program. Our job was to alert the people in the community as to what was going on, and what the improvement would be, and what their responsibilities were, because the code did give responsibilities to both tenant and landlord.

We organized through block committees. People were to come from their own little blocks to my house — that was our meeting place — and they were to tell us of their many problems. I was the liaison between the community and the people. So I have always had a pretty good relationship with the city and the other officials. And out of this was supposed to come an improvement — bathtubs in homes and this type of thing.

¹ Recipient of the Lane Bryant National Service Award for Exceptional Service in the Community, 1959; the Waters Memorial Church Award; the National Conference of Christians and Jews Award, 1966; and the Hawthorne Community Council Award.

Disappointed Community

This was a program that was resented from the very beginning because, whether you realize it or not, slum housing is a good business, and landlords make a pretty good dollar out of slum houses, and continue to do it today.

Tenants didn't understand what was going on. At that time there was rent control. Rent control probably had a lot to do with the reason it didn't get off on the right foot because improvement does mean increase in money that has to be paid. This was never a planned program, just something that was slapped at us.

The housing project that was to be built in this pilot area was to take care of families that were to be displaced because of the enforcement program. But after it was built it turned out that none of the families, or I should say hardly any of the families, within that pilot project area were the families that were in the housing project once it was built, even though there was the glowing promise that this was going to be "your home." What actually happened was that they forgot to tell us that certain priorities went along with the project. Servicemen were given first priority. Old people were given priority. You had to be of a certain age. And it seemed that none of the people who were displaced really met those requirements. So they were bringing in people from everywhere to fill up the projects, and the surrounding community was left to really struggle with that code, because by that time the city had decided, "Well, this is just too much to do and there is nothing we can do about the code."

But I think it was just because of the trouble the people had in that community, and the knowledge of the present conditions, that we pressed ahead. Many things happened to the people trying to get the code enforced, with the kind of improvement, the rental situation they should have been arrested for even passing — even our Councilmen, anyone that had anything to do with passing some of the improvements that were put in these homes, it was just a disgrace. Every little move that tenants made, even though there was supposed to be a working committee with the city and the community, every step that we made, everything that we asked for, it seemed to me there was a law as to why we couldn't get it. If tenants would go in with their complaints, before you know it, it would usually happen that they would come back to me and say, "We told about our complaint and what happened? My rent has been raised five dollars."

We go to the city, and the city says, "Take this problem to the Fair Housing Commission," and the Fair Housing Commission sits there and tells us, "Maybe the landlord has a point." And after it was all straightened out the landlord got his five-dollar increase, but we never did get the improvements.

Right now what is happening to the people that we get complaints from daily is the fact that somehow the water in the city has been reduced. There used to be a time when there were 400 units to a house at a certain rate. Now it is reduced to 200 units, and the price

for the 200 is the same as the 400. And so we are getting many complaints from our tenants about excess water bills — they come to us with excess water bills of \$92, \$72, and things like that. And we are talking about giving people more money on assistance. The only people you are giving it to is really the slum landlords, because the slum tenants do not have the advantage for the money they are paying.

Not only that. We have these units in that area. They used to be single-family houses. Right now they will take a single-family house — we have one house now that we are after the city to try to do something about where there is a tenant in the front — two old people — and one in the back, altogether three apartments. And out of this house — after the landlord counts what everybody pays — he gets \$400 a month out of this unit. And he tells us he can't make the minor repairs needed, and if he does make minor repairs — this summer the floor was ready to fall in — then he says he has to raise the rent. And this is what we hear all the time, why we can't get repairs is, it will raise the rent.

Our first disappointment has been the fact that the city came in with a promise to us, the Redevelopment Authority came in with a promise, enlisted our aid and said that this area of Hawthorne was for the citizens that live there. Today we are still fighting for the fact that this area is no longer Hawthorne, but it is Washington Square West. And this is the area that has displaced all of the Negro families, and these were the people who were promised better housing in that particular area.

Not only that. You are talking about developments and people coming in and building housing — the very same people that were a part of the code who would not see to it that the code was enforced are the very same developers that are developing in center city. This is actually a planned program, really, to get the Negro out. It is not that the Negroes have been able to move someplace else; these are the same landlords that they must rent off because who else owns all the houses in the city of Philadelphia but these same men? And these are the men actually taking every nickel from these people to make sure that the improvements in center city are paid for. After all, when they get 100 percent loans, if they displace Negroes — and a landlord told me this — it takes them years to get back that money. So he makes a profit somewhere. His profit is to actually squeeze every dime he can out of the poor. And this is the method that they use.

If water rates go up, they do not pay them; the tenant pays them. If housing improvements go up, which are the worst, the tenant pays for them. The tenant pays for everything that actually happens to them.

This is where the resentment comes in, the hate comes in. We are overcrowded. We are pushed. There are no programs made available to help to alleviate the overcrowded areas. There is really nothing that actually helps these people. It seems to us like there is a conspiracy that, "All right, if you do this, we will give you center city, but

don't you dare take these poor people away from me because this is where my money is going to come from."

Nobody is saying this is the way you act; because no matter what agency you turn to, you get the same answer, "There is nothing we can do. The law doesn't say that." They want to be quoted by the law, but the law doesn't say when they want to rehabilitate center city they can do anything they want to, right of domain, or anything they want, to take land or build housing. And here we sit talking about housing.

Another problem in our area is the fact that speculators come in and buy up houses just waiting for you gentlemen to pass these programs — they are just waiting for you — because they get them for two or three hundred dollars and they will sell them back to the Federal Government for all types of money. This is the reason we will never have housing for the poor because the costs are always going to skyrocket — because there is no law to prevent these people from doing what they are doing. No one tries, no one seems to care.

The things I am telling you today I have been telling the City government, the housing authorities, redevelopment authorities, everybody, and the only answer I get from them is, "What do you want from me? Go find your own private development." This kind of an answer, and you wonder why people get to the point that they get so pushed that they riot. You have to really learn what the problems are in the slums.

Relocation is unable to relocate people. We are faced today not only with the Washington Square West people; there is a unit there we call the Greystone Hotel. We are fighting like crazy to keep the people in Greystone — the housing association, lawyers — but that area is designated to be a white high-income area, and come hell or high water that is what it will be unless you gentlemen decide that discrimination can be avoided by you people — you are the ones who have to see to it that these programs come about and not follow up these people who are not going to do anything about it. They have their own private interests to care about, and that is all they are concerned with. These are the people that discriminate. These are the people.

The Crosstown Express that you heard a little bit about is a real concern of ours, and we are trying to work with people to really fight against this Crosstown Expressway for the simple reason it has never been proven that it is needed. And again you are going to be displacing 6,500 families, poor families, old people, people who no one else will give housing to. These are the people we are concerned with today — some of the people who have been moved from Washington Square East, Washington Square West, on Bainbridge Street. They will be sitting waiting in slums to be moved again.

There are serious problems, problems that you have to dig deeper than building housing. You have to see the underlying causes — the things that make people react to the many things they do. And, gentlemen, if you do this, believe me, my time is well spent here today.

I didn't go into detail, but if you would like to go to Crosstown, one thing we keep saying is we feel that the Crosstown is a barrier between the white and Negro. It is because the study of the engineers said it, and I have this on record, and I would like to give you all this material I have here.

MR. FEINBERG: We would be very happy to have it. Thank you very much, Mrs. Lipscomb.

Our next and last witness is the Rev. Mr. W. L. Bentley. Reverend Bentley,¹ pastor of Emanuel Institutional Baptist Church, became President of the Baptist Ministers' Conference of Philadelphia in 1966, and in 1967 became President of the Bentley Garment Factory.

STATEMENT BY REV. WILLIAM BENTLEY

REV. BENTLEY: Thank you, Mr. Chairman.

I would like to get our side of the program kicked off here by bringing you up to date in regard to our structure. Number 1, why did we here in Philadelphia organize the Interfaith-Interracial Council of Clergy? Why did it come into being.

We had a riot here in Philadelphia, and it so happened that I was in this particular riot from about 11:00 o'clock at night until 9:30 the next morning, and having got firsthand information as to how destructive this type of thing really was, I hoped that I would never live to see or hear tell of another one. So that, as a result of the riot, I began wondering what we could do, particularly as ministers, to show a deep concern to the community, knowing the frustrations of these people, having lived in this section for a while and having worked there for 25 years, I felt that we as ministers should get ourselves together and let the people on every level know that we were concerned about their everyday living and not just their attending church on Sunday.

One morning before daybreak I prayed over this matter, and the thought came to me at about 3:00 o'clock, and I got up and went into my study, got the telephone directory, that I would go down the line calling ministers. And this I did — rabbis, priests, and men of every religion of every faith under heaven, and asked if they would meet at my church the following Sunday at 4:00 o'clock. They had never heard of me, many of them, and I had never heard of them. But they met with me.

New Role for the Church

I then explained to them the fact that the sign of intelligence now was too high for us to spend Sunday mornings or all day Sunday

¹ Also President of the Interfaith-Interracial Council of the Clergy. Known for work in area of homeownership for the poor. Recipient of many awards, among them the Bronze Plaque Award as inaugurator of self-help program of practical religion; the Inter-Urban League Award; and various honorary degrees.

behind our pulpits preaching, but that we should get out the rest of the week and do something to show our deep concern about the everyday needs of the people. I felt that we should organize ourselves to bring about better communication between us as ministers, as religious leaders. Therefore we would be able to reach the people, because the people were watching us. I felt there were times when perhaps a member of a religious group felt he was better than the other one, and the other one had no time for him, so that on Sunday mornings in our pulpits when we should have been preaching Christ we were preaching against this denomination or that faith.

They agreed, and out of that we said that this organization would be interfaith and interracial. Our Vice-President, of course, is the Reverend William H. Anderson, white clergyman of the Saint Paul's English Lutheran Church; he is also Chairman of the Housing Department. Our Secretary is Jewish, Rabbi Henri Front; and our treasurer is Catholic, Father William Finley.

Then we go on with the structure as such. After having organized I said to them that we know we have in our communities some major diseases where our people are concerned and some minor ones. I personally feel that housing is a major one and education and jobs. What should we do about this? We agreed then that we would strike housing first.

The first thing we did, we had a program in our church. We had a tenant come in and speak for the tenants, and a landlord come in and speak for the landlords, and then the government, that is, the Department of Licenses and Inspection. When we had listened to their sides of the story, we then agreed among ourselves that it seemed to us that the "buck" was being passed — one was blaming the other, and the other the other. We then said we felt we should go into housing from the standpoint of homeownership — that this would motivate personal dignity and would encourage the people to really want to own something and have something for themselves.

We also said that we could not just deal in housing, because we were a religious group. We must be concerned, as I said, about all of the community's problems. Then I appointed a committee to handle police brutality, a committee on civics, a committee on education, a committee on taprooms; and today I am happy to say that this organization has gone far, much further than we had anticipated, in such a short time.

Now, I believe that the church has two jobs instead of one. Our first job, of course, is to seek to save the souls of men, while the second job is to work to save the lives of men. There are too many saved souls with lost lives. Therefore I felt that it was high time now for the preacher — and I would like to re-emphasize that — the preacher not just to preach a sermon on Sunday morning, but to preach seven days a week, and follow the needs and the problems of the people.

Now, I have along with me the person whom we have appointed as our administrator, and he has done a fine job and is still doing a fine job: Mr. Samuel Alper. I have also with me the young lady whom we

took out of Germantown High School because of her flexibility and her dedicatedness to community problems, and she is heading the community side of it now, when it comes to the on-the-job training and the educational side of it. We feel that too many times people have been moved into houses that have been built for them; they were moved in physically before they were moved in mentally. So we should see to it that no one buys a home until they shall have gotten some training in homekeeping and homemaking. And Miss Thompson heads that department.

I would now like to ask Mr. Alper if he would bring us up to date on housing as such — the homes we buy, the grants we have gotten, how much we paid for them, and what we sell them back to the people for, and this type of thing.

STATEMENT BY SAMUEL ALPER

MR. ALPER: Thank you, Reverend Bentley. I shall be very pleased to tell our story.

I frankly am not a sociologist. I have never been associated with anything that has been connected so broadly with the community before. I retired from business and found myself in this. I bring that out to make a point of telling you of my delight, surprise and frankly, my amazement, at what can be accomplished by merely making a house available to people as an owner, regardless of what their income is.

“New” Housing at “Old” Rent Outlay

We have managed to develop a schematic way of providing a home to people at about the same rate of monthly expenditure that they now pay out as rent for a dilapidated structure, and we provide them with a brand new house in every sense of the word, from soil-pipe to roof. The only thing remaining in that house that is old would be the joists or the brickwork. Even the roof is a 30-year guaranteed roof. The house has ceramic-tile baths, which most of these people have never been able to avail themselves of before, modern kitchens with eye-level ranges. And it is amazing what a catalyst this is to people who have been paying, we will say for the sake of argument — and as a matter of fact this is an absolute case — \$50 a month for a house that has not been touched for maybe 60 or 70 years, hasn't seen paint for maybe 30 years, and where can you buy a house for \$48 a month that amortizes the mortgage and it is brand new and they own it?

And I tell you all the sociological plusses that occur in this family are amazing. We take advantage of many great provisions that the government has already made available to us. For instance they now have a 221(h) program. It is very new. This program enables someone to buy a \$10,000 house with the mortgage, interest rate, and amortiza-

tion only costing them \$47.50 a month. And I know that when this program really takes off, it will in a large measure alleviate many of these conditions that have been referred to before by the previous speakers.

One of the better parts of our program, in addition to providing really first-rate housing, is the fact that we use a large number of trainees in the rebuilding of the houses. We have created jobs, we have created experienced workmen who have left us and have moved into the main stream of commerce, have taken jobs, and the people who hire these men come around and ask us for more.

As I say, I am just frankly personally amazed how well this thing has taken off. We presently have in the course of either being finished, or finished, or in the course of financing about 100 structures, and I think in the next couple of years we will have many, many more. I think in a large measure this will alleviate some of the ills that have been pointed out.

Have I covered everything, Reverend?

REV. BENTLEY: About what do you pay for the average shell now?

MR. ALPER: What do we pay for shells, for the hulls of the houses?

We buy shells anywhere from \$200 to \$1,200 apiece, and we completely gut them, start from scratch — cement the cellars, we give them new gas heat, baseboard radiation, hardwood oak floors, we give them a modern beautiful home, and they buy it in every instance either at their current rent structure or below.

MR. SHUMAN: *Mr. Alper, would you answer one question? A gentleman told me two evenings ago that while a number of these homes were available, as you mentioned, that the closing costs plus the downpayment required so much cash that a lot of people who could afford the monthly payments could not afford the downpayment and closing costs. He said the closing costs were pretty close to \$800 or \$1,000. Is that true?*

MR. ALPER: The Act provides for 100 percent mortgage, and the closing costs could be included, but it has been the philosophy of the ministers that if you were to let these people come in and buy a house without any downpayment, as far as they are concerned they are renting. There must be some involvement, some sacrifice on their part, to achieve it.

Now, we could adjust the mortgage so they could walk in with no money at all, maybe a couple of dollars for current taxes on their portion of a year's taxes, but we don't do it that way. We want them to make a downpayment, and we adjust it — there is no set fee because we fit the downpayment to what we think these people can afford to put into it.

MR. FEINBERG: *In other words, within the means of the individual?*

MR. ALPER: Exactly.

MR. FEINBERG: *So that something is forthcoming. But if need be, could you do what you just said you could do, have a complete 100 percent financing?*

MR. ALPER: Oh, yes, we can.

REV. BENTLEY: I would like to state also that we as ministers have set up in our churches credit unions so that people who are members of these churches who don't even have the \$200, or whatever it is, can go to the church and borrow from the credit union.

MR. ALPER: Or start saving for this purpose.

MR. FEINBERG: Thank you very much, Reverend Bentley, and thank you, Mr. Alper.

I would now like to ask the members of the Commission, those who have questions. First I will ask if Mr. Davis has any questions.

QUESTIONS BY COMMISSION MEMBERS

MR. DAVIS: *I will defer so we have more time.*

MR. BLACK: *Mr. Alper, I believe Mr. Shuman asked you about the closing costs on this. What was your answer on that?*

MR. ALPER: The mortgages that we are able to provide can cover 100 percent of all the costs involved, but we don't choose to do it that way because the ministers feel that the people who buy these houses, were they able to walk into them with no money at all, they would consider them the same as a rented house.

MR. BLACK: *What does that have to do with closing costs? I am not talking about downpayments.*

MR. ALPER: Then maybe I misunderstand your question. What was your question?

MR. BLACK: *What is the average amount of closing cost on this?*

MR. ALPER: The closing cost is about \$200.

MR. BLACK: *What does that consist of?*

MR. ALPER: That is their proportionate share of that year's taxes, their insurance, their fire and extended coverage insurance, some legal fees.

MR. BLACK: *Some what?*

MR. ALPER: Legal fees, such as recording fees, etcetera.

MR. BLACK: *What about attorney's fees?*

MR. ALPER: We don't charge them with an attorney's fee because we have the services of an attorney free. As a matter of fact, we don't even charge for conveyancing because we made a deal with a title company that they do the conveyancing at no charge.

MR. BLACK: *The one who is really sacrificing here then is the attorney?*

MR. ALPER: Well, I think there is no real sacrifice because he gets lots of rewards out of this, and not necessarily cash.

MR. FEINBERG: *Not to be facetious, but there was a purpose in this last interrogation. Mr. Black and I are lawyers, and we have had a little difficulty with one of our colleagues who thinks lawyers are overpaid.*

Closing Costs in Mortgage

MR. DAVIS: *Do you adjust the closing fees to fit the individual family or is there a standard formula?*

MR. ALPER: There is a variable closing fee depending on the time of the tax year that they settle their property. If they settle toward the end of the tax year, their proportionate share of that year's taxes is less.

MR. DAVIS: *Is it adjusted to the means of the family rather than to the seasons?*

MR. ALPER: No; the closing costs are firm; they are set; there is a certain pattern that must be followed; but we can make them create a mortgage that would cover the amount of the closing costs, or very close to it.

MR. DAVIS: *Thank you.*

MR. BLACK: *How many of these houses have you built and sold?*

MR. ALPER: We currently have 15 finished and being lived in.

MR. BLACK: *Thank you, sir.*

Training of Rehab Labor

MRS. SMITH: *I would like to go back and ask about the training programs for training people in building. I realize there are problems with the unions, but assume there weren't those problems. At one point Mr. Echols said that the building would be done by the people themselves. Where do you find the people to train the people to do the building, and how does it work out?*

MR. ALPER: Are you asking me this question?

MRS. SMITH: *Mr. Echols brought it up, I am sure.*

MR. ECHOLS: It is academic in a real sense because you can't really do it. You have a number of ordinances which require that certain work must be done by certain licensed people, and it is very difficult to get into the journeymen or apprenticeship programs; in order to effectively do that I think the national government should nationalize all apprenticeship training programs. As one person goes through, then it can be required that he have a union card.

Now, one way to do it is, certainly, if you are to just buy up a couple of these shells that Mr. Alper is talking about — maybe 20 — pay some fellows who know how to do the electrical work inside and out, and they become supervisors of these youngsters — get the property, put it back in shape, do this same rehabilitation over and over, and they learn how to do it. And if this kind of program is done in advance of a massive housing program going into a ghetto, or a massive housing program being provided both inside and outside for low-income people, then this enhances the resources which we do not have now to build the number of units to meet the needs. If we had all the money to start a massive housing program, we wouldn't have the talent to implement it. So that this would be a way to get some

talent. But Mr. Alper may have other experiences specifically on how they do it.

MR. ALPER: I assume you are interested in how we do it. If you are, I would be very happy to answer you.

When we go into a street — when we acquire some houses on a particular street, we have found out that there is no dearth of idle men on the street. We knock on doors. As a matter of fact, if we happen to be in the neighborhood in the summertime, they are sitting on the steps or standing on the corner, and our experience is that we can walk into whatever street we are about to do work in and knock on doors and get all the trainees we want.

Now, we employ experienced journeymen to do the job. You cannot do plumbing without a registered plumber, and you cannot do electrical work without somebody who really knows their business, and we use either master craftsmen, master carpenters or journeymen, licensed plumbers, etcetera. But we have a deal with the builders if we are not doing the job ourselves where they agree to an apprentice, one trainee with each trade, with the result that we have had some fantastic successes. We have started some boys off, youngsters, at \$1.50 an hour, and in 16 weeks they went out and earned \$30 a day. We ourselves are forced to raise their wages, not because we are a charitable organization, but because the boys immediately want to earn more money. They seem to have a propensity for this kind of work, and we have no trouble training them. We have very few dropouts.

We right now have one individual that we are very proud of, who is a committed dope addict. This boy now is a good assistant carpenter — maybe there is no such professional appellation for this particular job — but this man could go out to work tomorrow and get \$3 an hour. He has paid his own tuition to go to school to learn blueprint reading in one school, then has to take a trolley car to another school where he is learning carpentry work to a different degree than we teach it.

This is one superlative example, I will agree, but an example. We had a young man who came in as a plasterer trainee. All he was doing was handing hods of plaster. The man is now making \$30 a day.

We have had placed two crews in private industry, and the boys don't drift back. We pick up new boys each time we start a job, and they are on their way. We think the training program is fantastic. It is working.

MRS. SMITH: *Thank you very much.*

Cost of Broken Families in Public Housing

MR. WOODBURY: *Miss Colborn, you spoke about the difficulties in public housing from broken families and some tenants who do not get adequate help on their problems out of the management, and so on, and still seem to be neglected by other agencies. Would you care to develop that a little further? Do you see any out on that? Are you arguing that the public housing management, whether they are in large projects, scattered projects, or whatever the physical formula,*

that public housing management ought to have more to do in the way of welfare and educational and other adjustment services, or is this a blind alley? I would just like to have your comment a bit further on the question.

MISS COLBORN: We have recently put before the Senate a bill by Senator Mondale and two other senators for the purpose of providing funds to public agencies, including housing authorities, to employ people to work with these families. Now, according to our present system we have the kind of help that it is possible to pay for — the kind of help that these families need. But it is scattered into categories. So there is nobody putting the family together. And we have a certain amount of money in the public housing budget that can be used for services, certain kinds of social services, but again there is too much in categories.

So what I am saying is that we have to have some money to employ a staff that will work directly on a face-to-face basis with these families who are very broken up and who are moving downward in the spiral of things instead of upward. And whereas this will be very costly in the beginning, the few demonstrations that have been done along this line show that it is very inexpensive.

I remember putting together some figures for the House Ways and Means Committee on this just a few years back, which indicated in one project — as I recall, the work had been with something like 60 families, and a good many volunteers had been used by the trained social worker to work with the families, and they had rehabilitated a very high percentage of families they worked with — the average cost of doing the rehabilitation job turned out to be three to four thousand dollars a family. Well, you know this is ridiculous, compared to what families are costing us in problems today. Thus far we have been very shortsighted in recognizing that we have to make the money available to local communities in such a way that the local community can help. I don't care whether it goes out through the public welfare, public assistance department in our local communities, whether it goes out through the public housing authority or whether it goes through a private agency. The point is to get this person there who will work in a face-to-face relationship with the family, help them work through their initial problems.

For example, one family that I think of right off was an unmarried mother with eight children. She was in her middle twenties, and she seemed to be entirely incapable of taking care of her own affairs, and she was not able to get a hold of her affairs or say "No" to any man that knocked on her door until all but three of her children were placed. Then she began to get hold of things. She began to say "No" to her callers and she began to think about her children, and it went up from there.

So whatever the problem is — it might be a health problem — whatever it is, the point is that if we have money to make it possible for agencies to put the workers there, we can do something about this,

and if we don't change this broken family spiral that we are in now, we have ahead of us much, much worse things.

I say this pretty firmly because some of the things I referred to earlier in my paper give a historical perspective which you will see in the record that I didn't read — some of my colleagues here have said, "We have been saying these things for a long time," and anything your Commission can do to get them moving, please do.

MRS. LIPSCOMB: May I comment also on what Miss Colborn said.

In the housing projects one of the faults I find is that what we consider family the housing projects don't in our community. After all, you are working with low-income people, people that must band together, you know, to really survive.

Now, in some families where there is a mother and a young girl with two or three children, the housing authority won't take that as a whole family. They don't think this is a total family. But if they go to private or public housing, public housing itself is the one that disrupted the family because they are saying, that is two separate families.

And the idea that these young people need work — I certainly agree wholeheartedly that they do, but the kind of programs that we have been talking to welfare and hospitals about is that we are having an awful lot of young pregnancies today — girls 13, 14 years old — who really do not know how to care for their children, which is true. My feeling is that there is no social worker that can work with a 13- or 14-year old girl, that this girl needs to learn the responsibilities of motherhood. Maybe there should be some sort of center set up where for the first year of this mother and baby's life she can be helped, so that the child is not taken away from the mother — not an institution but maybe something with a home environment, where she can be guided and helped, because these young girls also come from families that have been neglected.

Also we need in our areas day-care centers for the many neglected children you see walking and running up the street, not just for the working mothers, because some of them don't work. But at least it would get the children off the street; they would have a hot meal; and there would be a means of supervision over these people.

These are the things we need in these types of neighborhoods.

MR. WOODBURY: *May I have another question, Mr. Chairman?*

MR. FEINBERG: Yes.

Rent Subsidies to Help Homebuying

MR. WOODBURY: *I guess this would be directed to you, Mrs. Lipscomb, and maybe Mr. Echols also: This morning we heard testimony on behalf of what I call rent subsidies; that is, a payment to be used by the low-income person for rent, and I think the estimate was made of about \$50 million a year for Philadelphia if the program went full slate. And if I remember correctly, Mr. Echols in his statement this afternoon endorsed this idea. Then later, when you were speaking, you*

laid considerable emphasis on what you call exploiters in these areas.

My question is, suppose that within the next five years these rent subsidy payments were inaugurated in Philadelphia and then at the end of that five years there were \$50 million worth of public funds being paid out, what if anything would that do to this exploitation?

MRS. LIPSCOMB: I would like to see rent subsidy programs, if it is possible, be given to the kind of corporation that could set it up now, like PHDC [Philadelphia Housing Development Corporation], where people may have the opportunity to buy a home, where rent subsidies can be used to really give these families a real start, which they have never had in these kind of communities. These people need confidence, if someone would really lead them, to feel that they are going to do better. We hear that they can't get bank financing; they can't get this for one reason or the other. Maybe rent subsidies can be used to really give the people the start they need as downpayment or whatever it takes to help the person on the road to really buying their own home.

I would like to see rent subsidies also used more by housing authorities, where public housing can build more; and also after a certain period of time, after people have lived in a public unit for five years or so, that they could use this as a downpayment towards eventually purchasing that home.

These are the kinds of things that give people the incentive to do better, to want to go out and work and really do something. But right now the only thing they have after them are slum landlords. And it is my wholehearted belief that landlords really don't need slum subsidies — that they really do get enough money out of the type of properties that they rent where they themselves don't need the subsidies. I feel if there is going to be extra money or some other kind of fund to be used, it should be used to really get these people on the road to doing something better.

MR. ECHOLS: If I get the point of your question, one possibility is that with the mere provision of rent supplements in and of itself alone, after five years an individual could be living theoretically in the same type of situation. I think this is the point that Mrs. Lipscomb is making — that it could be a windfall to the landlord. But if we are providing rent supplements to actually make up the difference between what a family would have to pay for the type of unit based upon its family size as opposed to what it can afford under its present income situation, then this might enable the family to actually look for better accommodations.

Now, if we are going to build housing units to fit this need, and we would provide those units in a situation where the person can look for a home which he can afford under a rent supplement program, this we could go along with. But as Mrs. Lipscomb pointed out, it could very well, without something else going along, end up in somebody else's pocket, and they would collect it the way they normally do. And the fear is that rent supplements without more decent low-cost housing construction could be a windfall to slum landlords.

MR. WOODBURY: *Thank You, Mr. Chairman.*

MR. FEINBERG: *Senator Douglas?*

MR. DOUGLAS: *I pass.*

MR. JOHNSON: *I would like to start by making a statement. We discussed before the question of the ideal situation and the question of the dissolution or dispersion of the ghetto. I would like to commend Mr. Echols for his statement here which I think is very clear and straightforward — on his position that we are not talking about one or the other; we are talking about a little bit of both. I would like to read this part of Mr. Echols' statement, since he did not have the time to read this part:*

"Much housing must be planned for the ghetto areas, which have been neglected for so long. But we also need to build new towns and various kinds of suburban developments near existing and future jobs whose price levels will permit purchase and rental by people of low and moderate income."

I would like to thank you for that statement, sir.

MR. ECHOLS: May I add that one of the problems is — let's take the Model Cities Program that may be developed by cities at the local level. Some of the cities could develop a strategy that supplies housing and everything else within the limited geographical target area, and therefore you have the "good ghetto program," instead of doing both things because both things have to be done. It is very possible that in the Model Cities Program this could be one of the biggest fiascos that this country could see if we do not develop both types of options, both in and outside.

MR. JOHNSON: *Thank you. I would also like to ask this question of Mrs. Lipscomb: Mrs. Lipscomb, we have heard a lot today, and on other occasions, about the virtues of homeownership — what it means to the people who go out and buy homes for the first time. I wonder if you could capsulize from your own experience in knowing people locally here in Philadelphia who have been renters, who have then gone out and purchased homes themselves under one of these programs or in the market — just in the free market — what your own experience has been with respect to families who have had this experience.*

MRS. LIPSCOMB: Well, we have only had one real experience with a person that has been renting for quite awhile and has had problems with landlords and a million other problems. She couldn't get housing to meet her needs, had a large family, and so she had to separate her family herself, put some of her children with her mother-in-law and some with her sister because they could never get a unit large enough. She had 14 children. But recently through PHDC she was able to get a house. But the problem there was this attitude people had — the woman had no background whatever for — well, her background was one where she owed this person and the next person, didn't really have money, and she really didn't feel that she could actually buy a house under the PHDC. But Mr. Batcheler sat down with her and

ironed out her problems, took her to the bank and somehow straightened out everything that had to be straightened out. She had told me the truth, you know, of how she was negligent in paying bills, and this type of thing. But two weeks ago this woman moved in her house for the first time and all her family with her, and I have never seen a happier mother in my life. People used to say how she neglected her children, but it was really because they didn't have the money. It seems that every penny that a poor person gets, somebody else has already spent for you. I think this has been our problem.

I think homeownership is a real incentive, and that is why I am saying that any sort of subsidies to help the poor is really a blessing. It gives them something to look forward to, something that they have never had before, something that they themselves can own and would be a real experience for many mothers.

MR. ECHOLS: I would like to comment that a good way to do that is to provide an adequate income for everybody, whether through work programs, grant programs, or any other kind of program. But every American citizen is entitled to some of the fruits of this good life, and the children certainly should not in any way be punished or jeopardized by the inadequacies of parents as the parents have been victimized in part by the system.

MR. ALPER: I have a couple of instances I would like to point out to you just in one little area where there were eight houses finished. And I want to talk about three instances, one of which was a case where I solicited the purchaser of this house, and the house that I had to enter and to sell was in awful shape, couldn't have been maintained worse, and actually I wondered how the Board of Health permitted it to exist, but our rule is to sell to these people first. We sold this family a house. They moved in and were living in there three months. At that time I had a group of people come down from the *Christian Science Monitor* to write a story or evaluate our job, and the only house I could get into was this man's house, and, frankly, I was afraid to bring the reporter and photographer in there. The one house that I was very proud of, the woman wouldn't let us in any more because we had too many visitors for her. So we knocked on this one door. I figured we are either right or wrong, and if we are wrong, let's strengthen this aspect. But through the good offices of Miss Thompson we walked into that house and I tell you we could have eaten off the floor. I was delighted.

Another instance is where there was a boy who married the mother of his two children — she demanded as the price of him marrying her that he would buy her one of these houses. They got married May 14 and have been living in the new house and it is perfect — a wonderful ending to a good story.

The third story is one where these two older people were living together as common-law husband and wife and could not take title — I couldn't give title or the title insurance wouldn't insure it. So we created a trust for their grandchildren, and I got a call after they moved in from the man, and his name is — well, I won't tell you his

name — he got on the phone and said, "Sam, this is Ja-Ja —" that is what he calls himself to me — he says, "I just want to tell you it is now four weeks and I haven't touched a drink. I love my home."

Now, these are not fanciful tales that somebody conjured up. These happened in seven or eight houses on one little street. They are three stories of what homeownership can do.

MR. JOHNSON: *Thank you.*

MR. FEINBERG: Thank you very much. Any other questions?

(There was no response from the Commission.)

MR. FEINBERG: Well, may I thank all the witnesses who have appeared here today, and you, Mr. Alper. We are very grateful to you for having taken the time and being so informative. Thank you very, very much.

Now, if there are any witnesses from the general public who desire to testify, please give your names to Mr. Smart. We will ask you to please confine your remarks to five minutes. But we will accept any written statements, any documentation you care to file with this Commission.

The first gentleman we will hear is Mr. Seymour Toal. Would you please identify yourself for the purpose of the record?

PUBLIC WITNESSES

Mr. Toal: A Federal Institute of Urbanism

MR. TOAL: My name is Seymour I. Toal. I am a member of the Bar of Philadelphia, New York, and the Supreme Court of the United States. I have this year the honor to be the President of the Philadelphia Citizens' Council on City Planning, the Executive Director of which is Mr. Edwin Foulk, who sits at my left.

The Council has authorized the submission to the Commission of the statement that I am about to make in abbreviated five-minute form.

For nearly 25 years now the Citizens' Council on City Planning in Philadelphia, as an independent nonprofit planning organization, watched with increasing concern and to some extent has been involved in the development of planning both in Philadelphia and to some extent nationally. We have tried during this period to contribute constructively to these developments.

We have also seen during this period in Washington a growing recognition of the plight of urban America and we have watched what we consider to be the bewildering growth of new techniques and mechanisms whose numbers are about as impressive as the magnitude of their discoordination.

We believe that despite the rising attention being given to urban America since the early 1950's, the condition of life for many city dwellers — especially the impoverished in the ghettos of our great

cities — is not getting better. In fact, we believe that the gap between them and the mainstream of American life is widening. The ability and the will of the impoverished to reach across this gap are diminishing.

We believe that the amounts of money which have been poured into our cities have been directed toward solutions of problems in amounts that have been grossly inadequate. We also believe that however large the amounts, the solution is by no means exclusively monetary.

We believe that one of the major causes of the difficulty in managing our urban affairs is an assumption which has lain at the core of the movement toward growing cooperation between state, Federal and local governments. The assumption is that these levels of government all have in fact a common interest and common objective in handling urban affairs. We believe that this assumption is false. We believe that the proof that has been coming in does not accommodate this assumption; and, in fact, we see evidence that the Federal objectives for urban growth are to some extent significantly different both from the state and local objectives.

In our view, the prime concern of local government officials — and we do not say this critically; we understand why it is — is the tax base of the city, and that which strengthens the tax base of the city is a desideratum for local government. This is by no means necessarily Federal policy or good Federal policy. In such a situation the local government — Philadelphia, for example — must give its highest priority to programs which produce jobs not only for the city's unemployed but also jobs located within the corporate limits of the city. The city has to do this whether these locations make economic sense or nonsense.

We believe that city officials are concerned over the plight of the poor, their inadequate housing, and their inadequate educational opportunities. But for whatever the reasons, these officials cannot commit our city to the kind of reallocation of our resources which might square with the social needs of the urban poor. Yet those needs keep intensifying. Certainly we understand the political hazards of greatly expanded local programs for the poor, and they are obvious. But the need remains.

We see in the South an analogy which has emerged and which strikes us as a possible productive avenue which this honorable Commission might explore. We have watched in the South a great social problem which has been treated by the Supreme Court of the United States — the problem of school segregation. Certainly anti-Negro sentiment is not something upon which the South has a monopoly. There is much too much to go around the country. But we have observed that at some level of the Federal Government there has been a commitment that desegregation is a violation of a fundamental national policy. And in the absence of active local and state activity to deal with this problem, the Federal Government has chosen finally to step into the breach.

We think there is a very strong analogy. We think that the problems of urban America are as deeply rooted — indeed contain the problem of the Negro. We see no reason certainly by analogy why the Federal Government can not deal with state and local governments in the way that it is dealing now with the problem of segregation. And we earnestly submit to this Commission as a possible productive avenue for investigation, whether it be done through litigation in the Supreme Court of the United States or perhaps politically, which is more difficult — through the halls of Congress — an approach to this problem through this attitude.

We support very deeply the proposal that there be a central institute, a Federal institute, which has by analogy the same role for urbanism that the National Institutes of Health have for the condition and the state of health in the United States. Certainly the problems of urbanism are no less important than the problems of health. We have a distinguished central facility staffed by distinguished brain-power that addresses itself to the problem of health. Surely it is not asking too much that urbanism be treated in the same way.

I thank you very much, gentlemen, for your interest and we shall submit an extensive statement of this.

MR. FEINBERG: Thank you very much, gentlemen. We will be very glad to receive your document in the record, and it shall be given proper attention.

Next we will hear from Mr. James Harvey. Will you please identify yourself and who you represent.

Mr. Harvey: Executive Order 11063 Ineffective

MR. HARVEY: My name is James Harvey. I am the national representative for Housing and Urban Affairs of the American Friends Service Committee.

First I would like to request an opportunity to appear before this committee even if it was in some other city because I think what we have to say pertains nationally, based on our experience and our programs that are operating in many, many cities. So I hope to have the opportunity to expand on our report.

We have been working in housing since 1951 with staff programs around the country, and we have been dealing more specifically with the implementation of Executive Order 11063,¹ which was issued in 1962. We have tried to work with prospective homebuyers, with the real estate industry, with the Fair Housing Council, with the general public, in an educational program as well as an action program to get families to take advantage of the housing that is covered by the Executive Order, and this housing is primarily in the suburban areas. But what we have found in trying to work with this tool is that it is

¹ Executive Order 11063, issued November 20, 1962, dealing with equal opportunity in housing. Also established the President's Committee on Equal Opportunity in Housing.

unworkable, because of the staffing and the attitude and the outlook that the FHA and the VA take toward this Executive Order.

We have drawn three major conclusions from our work in this area: One, we find that the Executive Order is being flagrantly violated by builders, developers, and the real estate industry at large; secondly, that the implementation of the order by the FHA and the VA has been at best ineffective, and at worst subversive, to the goal of equal opportunity; and, third, we find that there is a lack of interest and a lack of willingness on the part of HUD and the FHA and the VA to do anything about the deficiencies that we have noted.

Our report presents some 46 specific recommendations to correct these deficiencies as we have found them, based on our experience. It is supplemented by 13 representative cases drawn from around the country. Our programs go from Boston down to Atlanta, and from Oakland and the San Francisco area to the Philadelphia area here.

Let me just briefly give you an idea of the areas that we address ourselves to. We talk about an affirmative and effective compliance program. Here we are suggesting that the FHA and the VA take a positive attitude toward implementation of the order. And the areas of advertising and merchandising of these housing programs are covered in the order by making some administrative requirements and providing some guidelines to those who are charged with the enforcement of the order, for the sanctions that can be applied and that have not been applied to date.

We talk about a uniform and an effective complaint system where we have found that it has been loosely interpreted and has varied from area to area and, in some cases — particularly around our Nation's capital in Washington — where there is no guidance at all. It is kind of arbitrary what they do with a complaint.

We make some suggestions as to the followup procedures on the part of FHA and VA.

We also feel that there need to be some training and revamping of the equal opportunity personnel and the role they would play in the implementation of the order.

We have another section in our report that covers the Government-owned housing. These are the repossessed properties of which, as you know, the Federal Government has some 50,000 around the country each year. It varies as they are marketed and others come on the market. But here we find that again the provisions of the Executive Order have been ignored as far as merchandising of these properties — where there is an attempt made to merchandise these properties through a segregated system, through the use of management brokers who have no intention of selling on an equal opportunity basis. So here we find that the Government is in fact a partner to this perpetuation of segregation.

We make recommendations concerning the extension of the order and also concerning the attitudes and the performance of the staff of the agencies charged with the enforcement of the order. That, in

perhaps five minutes, is what the report is about, and I would appreciate the opportunity to expand further.

MR. FEINBERG: Mr. Harvey, at the outset I am going to exercise my prerogative as Chairman to interrogate you about several points on this order.

I want to say to you that I, as a member of this Commission — and I am sure every member of this Commission can also attest to the fact — believe the order is being enforced. We are not in favor of discrimination — quite to the contrary.

But, to be technical about what you have said, my experience with the FHA, which is rather wide and vast, has been to the contrary as to the enforcement of that order. That order has been very strictly enforced to my knowledge by the FHA, and where a complaint has been made which is justified, sanctions have been imposed upon any developer or interstate broker who violated that order.

In addition to that, it seems to me, Mr. Harvey — and I may be wrong — but aren't you reading something into the order itself which is not really there when you talk about advertising and merchandising? Does it provide for that? The order itself may be deficient — I won't quarrel with you on that point. But does the order in its present form, as signed by President Kennedy in 1962, the Executive Order, which I am very familiar with — at least I thought I was — does it actually read as you have stated it, or are you giving it your interpretation?

MR. HARVEY: Well, I think what we are talking about here are the steps that are necessary for effective enforcement of the order, where the order specifically says that they will take all action that is necessary and appropriate to prevent discrimination in housing. So I think it gives a lot of leeway.

MR. FEINBERG: I am not trying to be a gallant by being a champion of the cause for FHA or any agency, but I do want the record to be straight. You are now saying, I gather, that to implement the very essence of the order you must do these things, but will you not admit that the order does not so provide specifically?

MR. HARVEY: Well, I don't think it provides for any of the guidelines in it. It is just a piece of paper that is meaningless.

MR. FEINBERG: We have legal limitations on these things, and if you are making a suggestion that the order itself be amplified by some presidential act or by some congressional act and you recommend to the Commission we look it up, that is something else.

MR. HARVEY: I don't think this is what we are saying. We do speak to this in one section of our report, but I think the present language provides for these things that we are suggesting.

MR. FEINBERG: Not that you are seeking it, but from a legal aspect, let me say this to you, Mr. Harvey, that since the order is devoid of the very things, the aspects that you are talking about, I doubt very much whether legally the FHA could go to any developer or any real estate broker and say, "You must specifically say in your advertisement that this is open housing and we will sell to anyone regardless

of race, color or creed —" putting that kind of language in the act. I don't think they have to do that.

MR. HARVEY: I think if you look at it the other way, what can they require that the builders and developers and the other participants in the Government programs not do?

MR. FEINBERG: *If an individual goes to a developer, as I have seen so many times, Mr. Harvey, or goes to a real estate broker, and he gets pushed around — to use the common vernacular — whether or not the broker or real estate developer says, "We won't sell it to you because you are colored," he doesn't have to do that. If he just denies the right to purchase, if it is an FHA program, all the applicant has to do is go to the FHA office and then the curtain will come down on it. I have seen this.*

MR. HARVEY: We have cases documented to the contrary. I can give you my own personal case here in New Jersey, the same thing.

MR. FEINBERG: *Where it is strictly enforced —*

MR. HARVEY: This has happened. And I have had builders tell me they don't worry about the order because the FHA is not interested in enforcing it.

MR. FEINBERG: *This is contrary to my knowledge. However, if you have proof —*

MR. HARVEY: We have proof and copies of the record.

MR. FEINBERG: *I can tell you now that the FHA today under HUD, and for sometime in the past, I know the Commissioner, Mr. Brownstein, will actually do something about it, because in my discussions with him personally, and with others in the department, and with the local directors, this is the one thing that they are so conscious of. It is like walking on eggs. They are absolutely very definitely determined to try to stamp this out, and I have seen them impose sanctions on the individuals you are talking about.*

MR. HARVEY: I think the other point we are making here is the steps that are necessary before you get to the complaint stage. Once you get to the complaint stage, then the order has been subverted right from the beginning. What steps do they need to take before that stage?

MR. FEINBERG: *We could debate this back and forth, but I wanted the record to be straight that the order itself does not really contain the provisions you are talking about.*

Thank you very much, Mr. Harvey. I enjoyed your being here and you have brought forth a very interesting point. Do you have anything to give us to put in the record?

MR. HARVEY: Yes, we do (handing report ¹ to Chairman Feinberg).

MR. FEINBERG: We appreciate that very much.

Are there any other questions by any members of the Commission?

MR. BLACK: *I think Mr. Harvey ought to know that there is at least one person on this Commission who has rather vigorously contended*

¹ American Friends Service Committee, "A Report to the President: AFSC Experience and Recommendations re Executive Order 11063 on Equal Opportunity in Housing," American Friends Service Committee, Philadelphia, Pennsylvania (May 1967).

for one of the things he has been talking about today — I think everybody knows who I am talking about — about the housing that has been repossessed. Senator Douglas advocated that, according to the Miami papers. He advocated that in Miami, Mr. Harvey.

MR. FEINBERG: Are there any other witnesses?

(There was no response.)

MR. FEINBERG: If not, we will declare this session adjourned until tomorrow morning at 9 o'clock.

(Adjournment.)

*Old Supreme Court Chambers
Independence Hall
Philadelphia, Pennsylvania
Morning, September 23, 1967*

Public housing, its successes and its drawbacks, and the alternatives to it for sheltering low-income families, were featured during the final day of Commission hearings in Philadelphia.

PUBLIC HOUSING DEFENDED: FIT TO FUTURE

MR. FEINBERG: Good morning, gentlemen. We have today Mr. Roger Starr, the Executive Director of the Citizens Housing and Planning Council of New York City; Mr. Alan Lindy, a prominent builder; Mr. Todd Cooke, Chairman of the Philadelphia Housing Development Corporation, who is accompanied by Mr. Verman; and Mr. Christy Emerson, Director of Development of the Philadelphia Housing Authority.

Our first witness will be Mr. Roger Starr.¹ I will ask the witnesses to confine their testimony to approximately 15 minutes.

STATEMENT BY ROGER STARR

MR. STARR: My organization is a voluntary civic agency concerned with the problems of housing and planning in the City of New York. Ordinarily we come before government to criticize it. That's our main reason for existence. Today I am here to talk about two housing programs which I think have been very successful.

¹ Head of New York City Citizens Housing and Planning Council, founded in 1937, for past 10 years. Also engaged in private industry. Author of *The Living End: The City and Its Critics* (New York: Coward-McCann) 1966. Lecturer on housing at New School for Social Research and Pratt Institute.

Successes of Public Housing

I first want to discuss with you New York City's low-rent federally subsidized public housing program. I consider this to have been extremely successful. This program has played a vital role in New York in making good homes available to people of low income. It can play the same role elsewhere. Strangely enough, this statement is controversial. I say "strangely," although public housing has been a controversial issue since it was first proposed.

However, the nature of the controversy over public housing has changed significantly over the years. Where the entry of government into the direct ownership of homes was attacked from the right years ago because it presumably heralded the coming of socialism, today public housing is under far more serious attack by those who would ordinarily be expected to be its friends.

Public housing has been attacked on the grounds that it is institutional in appearance, stratified in economics, segregated by race, and inhuman in its effect on those who live in it. I would suggest to you that very few of these criticisms come from people who are living in public housing. I would suggest to you also that these criticisms, when they are made in the hope that sound criticism will be helpful, may be helpful.

But most of these criticisms have not helped to perfect the institution. They rather limit its usefulness and, in my opinion, these are destructive criticisms and should be looked at squarely. Why do we support public housing with such insistency?

First of all, we believe that public housing produces homes because it possesses the unique virtue, among government housing programs today, of clarity. The character of ownership is simple. The housing belongs to an agency of local government which has the plain responsibility of maintaining it. If this arm of local government fails it will be quickly and effectively called to account by press and public.

Those who work for the local authority are not supermen and they are not angels. But they share, in general, an interest in the field of housing and the recognition of the fact that their own financial security and advancement in the civil service depend largely on the level of maintenance in the public housing structures and the degree to which they are kept from deteriorating both physically and socially.

Furthermore, the Federal Government, through the Housing Assistance Administration, has a continuing responsibility for supervising the upkeep of the buildings on behalf of which it is making an annual contribution under contract with the local authority. The Housing Assistance Administration reviews and inspects the development.

I stress this procedure because it provides an answer to the question that plagues every other form of low-rent housing construction and maintenance (and has since the middle of the last century, when this question first came up). That question is: Who will maintain low-rent property in decent condition over a long period of years? We are at

present hearing great enthusiasm about limited-profit or nonprofit private ownership of rental housing for low-income families. In New York this is nothing new. Alfred T. White in Brooklyn built model tenement houses for limited returns as long ago as the 1870's. Groups of financiers of high conscience built the Open Stairway Housing Association, the Improved Dwellings Association, the City and Suburban Homes Corporation, in order to provide apartments for families of modest income in the last two decades of the 19th and the first decade of the 20th century.

These companies operated on the principle of a limited return on invested capital. Unfortunately, more attractive propositions have always been available elsewhere for investment capital. And limited-return housing investment could not compete with these other attractive opportunities. The housing movement on the basis of philanthropy or semi-philanthropy failed to spread. In the developments that actually were built, the eleemosynary impulses which stimulated their formation dissipated as the years passed. Ultimately, with one exception (Phipps Houses, which was built only 35 years ago), every single philanthropically motivated privately-owned housing development for providing low-income, low-rent housing, has been demolished or has drifted into the hands of profit-motivated general business corporations.

At no time has the impulse to build homes for charitable reasons created a number of housing units significantly related to the demand for low-rent housing by low-income families in our cities. And if I were to guess at the total construction for rental — and I'm not talking about cooperative housing — the total number of units for rent in the City of New York over the past hundred years, I should imagine the total is far less than 25,000 units built on this charitable principle.

Contrast this with the New York City Housing Authority: This Authority has built 150,000 units in 30 years. In a single year it has been able to complete as many as 20,000 units. Almost 600,000 New Yorkers live in those units. And I ask myself: How would these have been produced by any other vehicle than an arm of local government having a public responsibility and having a public subsidy?

I am going to discuss with you a few of the conditions precedent to a successful low-rent housing program within a city. I'm only going to discuss the local conditions, because I think we know that the main Federal condition is money. The main objective of the cities in coming to the Federal Government is to demand more money for the construction of low-rent housing. But money alone, although it's absolutely essential, doesn't make good public housing unless we have certain local conditions in effect.

The most important local condition necessary to a successful low-rent public housing program is the conviction on the part of the highest elected officials of the city that their government has a responsibility for the provision of decent, low-rent housing for those who cannot afford it otherwise. We suggest that this means more than simply using public housing as a necessary but unpleasant condition

precedent to getting Federal urban renewal payments and the greater tax income they herald. Housing the low-income population must be a central aim of the city government if its public housing program is to be successful.

The second major precondition for successful low-rent housing programs is adequate city planning. This does not mean simply the formulation of a plan. It means the ability to move the city action agencies to take the action foreseen in the plan. In too many cities the verbal affirmations of the planners are a substitute for the much harder task of making physical changes come about.

Low-rent housing must be served by the health, educational, recreational, and commercial facilities which all citizens require. Preferably, these services should be shared by people within and without the housing development. From my view, the worst failures in public housing developments result from the isolation of the project physically with a consequent separation of the people in them from the normal commercial and community facilities of the city.

A third major local requirement for good low-rent housing involves the local press and intelligent handling of public relations by the housing authority. The question of tenant organization has plagued many an authority. Whichever view you have of tenant organization — whether they are constructive or destructive — you must deal with specific organizations and not with an abstract generalization. And the ability of the housing authority to gain approval of its sites in the political arena depends in large part on its public relations abilities.

Of great importance to the success of local public housing is sound state and local legislation affording the maximum degree of flexibility to the local authority in establishing income ceilings for continued occupancy and in permitting contracting procedures other than the simple process of public letting. Although I must tell you that I have great faith, not in the economy of public letting of contracts, but in the public accessibility of public letting.

At the present time we are experimenting with procedures other than public letting, where we have private negotiations with a builder who makes a turnkey proposition. I think this will work for a year or for two years, until a smart reporter discovers that somebody made a little more money than he thinks that man ought to have made under such a procedure. Because there is really no sound guide as to (a) what is a fair profit; and (b) what part of the cost is really a cost and what is part of the profit.

We have found in our limited-profit program in New York City that the program can be destroyed from the point of view of continued ownership, or even from the point of view of sales, if the public gets the idea and the legislatures get the idea that in private negotiations between a builder and a public agency something funny went on. Public letting is expensive, it's tedious, it's an unimaginative way of doing things, but it is a method that is consistent with very basic American views as to the relationship between government and private industry.

And while I am a believer in imagination and like to try new things, I do want to raise a warning flag right at the very beginning, that private negotiations — secret negotiations if you will — between a builder and a public authority, without public bidding and without fixed specifications, will not stand up in the court of public opinion over a long period of years.

A sound local public housing program depends on avoiding several negative factors. Although the project should be planned, designed, and located to encourage racial integration, and the authorities themselves should be alert to the policies of management which will promote racial integration, it is illusory in the United States to expect that low-rent public housing projects will make a substantial contribution to the elimination of residential segregation outside their own perimeters, except perhaps by a demonstration that racial integration works.

I think it is a mistake to believe that putting a low-rent public housing project in the midst of an exclusively white middle-class neighborhood is going to produce significant racial integration. I don't believe that it will. This is maybe a prejudice on my part, but I believe that racial integration is a class matter. And that the only effective integration is integrating people of the same general socio and economic level. I believe residential integration along those lines works. But I must tell you that's my personal prejudice. I am here, I suppose, to express my personal opinion in some respects. I cannot justify this by statistics. I'm giving you only what I have observed in 10 or 12 years in this field in New York City.

The existence of opposition to the erection of low-rent public housing, however, should not be the excuse for building a project in a specific location. I've seen this happen again and again, and I found myself doing it. When I sense outraged opposition to low-rent public housing on the part of people in a specific neighborhood, I get so angry at them that I want to put the housing there willy-nilly. I'm going to teach them a good lesson in American democracy.

Considerations for Public Housing Location

Some of our worst disasters have been motivated by that kind of feeling. I think we must locate public housing by an honest appraisal of the real factors in any neighborhood, the availability of community facilities, the availability of space, the possibility of keeping the density down to a reasonable number, the relationship with the fabric of transportation and other city facilities. These are important considerations.

To put down public housing in an attempt to show people what democracy is by telling them they have no right to live in a middle-class community in the midst of a diverse civilization like the United States, this to me is an insufficient reason — although a very human one, especially on the part of us liberals — for siting public housing in the big cities today, and we should guard against it.

Finally, I would like to say that public housing cannot accomplish the impossible. And those who believe in it and support it must be careful as to what it is we promise for it. Housing alone will not turn intrinsically inadequate personalities into the pillars of the future society. It will not eradicate the consciousness of social class. It will not dissipate the problems of race prejudice.

It will — indeed it has — provided a vital first step for many sound families who have previously been overwhelmed by inadequate housing and cramped, dirty and dangerous surroundings. It cannot take multiproblem families or all the households on an urban renewal site, put them in a low-rent development, and expect to provide satisfactory housing thereby, either for those families who cannot take advantage of it or for the other “normal” families living in the project.

Public housing hasn't got any better tools for dealing with multiproblem families than the church or the psychoanalyst or the police department or any of the other institutions in our United States.

Many thousands of families in New York City have been enabled by public housing to move from dingy and substandard homes. They have been given this modest encouragement, begun to advance themselves economically and socially. Given this evidence of their fellow citizens' interest in their wellbeing, they have ultimately — many of them — moved into housing accommodations on the private market.

If your Commission can convey this story of solid accomplishment to the President and the Congress, these forces may be led to take the further steps necessary to make possible a broader program, a more extensive and architecturally more satisfactory program, and a greater contribution by public housing to the beauty and the social dignity of our cities in general.

MR. FEINBERG: Thank you, Mr. Starr.

Our next witness is Mr. Alan M. Lindy,¹ who is president of the Home Builders Association of Philadelphia and Suburban County.

STATEMENT BY ALAN LINDY

MR. LINDY: I am not as experienced in this sort of thing as many of the other people who have testified, but I do want to say that I am quite honored to be asked. I don't know how many other representatives of private enterprise have testified. I can remember about four years ago the distinguished Senator Douglas addressing a gathering at the National Housing Center when we were reviewing the new 221(d)(3) program. The Senator pointed his finger down a long table where the hierarchy of the newly organized HUD was seated and he

¹ Real estate broker and member of Mayor's Advisory Committee of Philadelphia's Urban Renewal Program. Guest columnist, *Philadelphia Inquirer*. Academic degrees from United States Naval Academy and U.S. Air Force Institute of Technology.

said: "If you fellows don't get this thing through and working immediately, you may not have your jobs in a few years."

And I want to apologize for trying to paraphrase the Senator, who is an eloquent speaker.

I think that from the standpoint of the frontline soldier who really tries to get low-income housing built I get a sense of piling resource on resource as they did in World War I, until the casualties were so great that somebody finally gave up. Or do we take a direction and go quickly and constructively with all our force. I like to prefer that we are intelligent enough to adopt the second strategy.

Homebuilders Balked at Local Level

In doing so, I have to start at the bottom and work up. I don't think I have the perspective to deal in national strategies. But I do know that in trying to get the work done there is an awful lot wrong right at the local level. For example, when it takes almost as long to get a building permit as it does to rehabilitate a structure under a Federal program, I think there is something wrong.

For example, when the planning commission requires as much space — or more space — to park automobiles than to park human beings, I think there is something wrong. There are other specific examples which I will get to.

Someone has probably testified about this before. Our Community Renewal Report in Philadelphia shows needs for 64,000 units renting for \$40 a month by 1970. That comes out to about 16,000 per year. Since 1964 private enterprise, with the FHA 221(d)(3) program and with the turnkey public housing rehabilitation program, has done about 1,400 or 1,500 houses. I'm sure Mr. Emerson of the Public Housing Authority will testify more in detail about this. But in addition there have been a substantial number of housing units built under conventional public housing programs.

However, the main thrust, the thing that got us out of the housing shortage after World War II, was a massive effort of private enterprise that went out and built homes for returning veterans and eventually got America housed again. My view is that unless this begins to be recognized — and there is some kind of profit incentive — you won't see a major housing spurt anywhere in the urban areas.

In our Association we see more and more builders going out to the suburbs where it's much easier to build. There they don't have to worry about dogs chasing them up filthy alleys, they don't have to worry about being actually accosted, the work is cleaner, and the mechanics will come out to work for you. Not that we don't have plenty of people working in the city with all its disadvantages.

I just want to make this point here. Right now it's still a fact that the slumlord can make a much bigger profit than the renewal builder. A fellow can buy a house at a sheriff's sale for practically nothing, do practically nothing to fix it up, and rent it for \$25 a week and get

himself a 30 to 50 percent return, or maybe even more. It's an amazing fact but it's there.

We hear a lot about red tape. Right here in Philadelphia, in doing an FHA 221(d)(3) project, I report to the following agencies: the Redevelopment Authority, the Planning Commission, City Council, City Department of Streets and Water, City Licenses and Inspection, the Federal Housing Administration. I have to get a construction loan from a private institution, and under most projects we have to deal with a nonprofit housing corporation.

Now, none of these agencies report to each other or have any authority over each other. It's only by sheer diplomacy and Herculean effort that you can get these things to work together. And the results are that not too much of this housing has been built, because of the utter morass of agencies that we have to deal with. It's impossible, unless you're a genius.

We got one off the ground, the first rent supplement project in the East, I think. This is with a nonprofit sponsor, the Germantown Settlement House. Perhaps some of the gentlemen on the Commission don't know what a settlement house is. It's a charitable organization that exists in a neighborhood on a private enterprise basis, so to speak, to assist the neighborhood. This particular one started 80 years ago as a language training school for Polish immigrants in Germantown.

We got started on a 221(d)(3) project on June 8, 1965. We had the FHA initial closing (which means you can start construction) June 1, 1967. And I want to tell you something. It was not the FHA's fault. The FHA gave us tremendous cooperation (applause) —

MR. FEINBERG: Excuse me, Mr. Lindy, may I explain that. Senator Douglas has been accused of being a severe critic of the FHA. And the purpose of this applause is that when any credit is due the FHA he wants it noted on the record that he was applauding. (Laughter.)

MR. LINDY: Believe me, I have plenty of differences with our local office. But of all the housing agencies, they are probably the only fully staffed agency with professional housing people. You can really get something out there, but it takes awhile. Most of the delays were due to the ponderousness of the program, which will not bend to the times. We went through a very tight money market and we eventually went to the Philadelphia Housing Development Corporation and asked them to put up a counter-deposit against the construction loan.

They did and we got a loan and they earn interest on it. So we got started. But during all these delays the costs went up and we had to keep going back for increases. If you can imagine this — after 20 months of working this out, we went to a closing and had the mortgage paper stacked on a corner of the table, and found out that we could not get a building permit because one of the agencies neglected to process the proper zoning!

We then had to go back into public hearing and get our project cleared again in zoning, and three months later we closed the loan. There is no coordination (and I say this for the record), in this area other than what the developer effects.

I'd like to give you some statistics on this project. Perhaps it will explain why more developers don't go into 221(d)(3) unless they are eleemosynary-minded. On the construction end of it — it's a \$450,000 project — during the two years of planning we paid \$30,000 in FHA fees and costs to architects and engineers. It was a "Hairbreadth Harry" situation in which we could lose the whole thing at any time.

When it came time to close the loan we could not get a bond from a bonding company because we normally don't do bondable construction. We're homebuilders who deal in the sale of properties. So we wound up putting up 10 percent cash. For the whole thing, on which we're allowed a net of \$25,000 profit, we have about \$90,000 up. That's a three-year project.

By far the best, from a standpoint of production and cooperation with private enterprise, is the Public Housing Used-House Program which is now preferably known as the Vacant House Program. Unfortunately, it was misinterpreted at the beginning and we were perhaps rehabilitating houses that could normally be lived in. This is not done anymore and the homebuilders prefer the term "Vacant House Program."

However, it's been severely criticized in the press at all levels, by housing consultants of national standing, as a city-killer, grossly expensive, and by one of our Senators from Pennsylvania as "profiteering at the expense of the poor." However, in the 26 months that it has been in operation, private developers in cooperation with the Housing Authority have produced about 1,200 homes. About four of the 26 months were nonproductive because of labor differences and because of administrative problems in the agencies themselves.

May I ask, does the Commission know how this program works? Or should I take the time to explain it? Yes.

Private builders are selected on the basis of experience, interest and financial capacity. They select and purchase houses on the open market, with a maximum limit of \$1,600 per property. They rehabilitate the house under a conditional contract with the Philadelphia Housing Authority. When it is completed according to specifications, the house is repurchased from the developer at the originally proposed price, by the Authority.

There are no complicated proposals. It's a simple, snapout form that is turned in. We don't put up any bonds, the single-family dwelling is processed and approved in anywhere from two to four weeks, and it takes from four to eight weeks to turn back the dwelling. With multifamily dwellings it's slightly more complicated.

Philadelphia has received funds for 5,000 more units which will be done under the same type of program. We are now sitting regularly with the Housing Authority, streamlining specifications, and Mr. Emerson has done a tremendous job in exciting the cooperation and confidence of the homebuilding industry in the city.

We found out that the rehabilitation program is a different animal. It does not work like new construction at all. It's really a sub-industry to homebuilding. We find that the sophisticated, management-oriented

subcontractor is not interested in working in this program. Large home builders are not especially interested in working in the program. We find that the older mechanic, the older carpenter, for example, is much better at this than the younger one, because he still can innovate and work through a little structural problem, whereas the younger fellow is so used to putting up partitions by the acre that he can't figure these problems out.

That's something to bear in mind as far as labor utilization is concerned. There are problems we never experienced before, of vandalism. Then there is our own public relations in the neighborhood, where we found that the best watchmen are the next-door neighbors. In our own experience, at Lindy Brothers, we have less vandalism than we have on our \$40,000 jobs in the very swanky neighborhoods.

Sometimes we have a little problem when a neighbor's house leans on ours and we have to beef his up in order to complete ours. We often wind up cleaning a whole back alley so that we can get our materials in. There are still plenty of problems to work out, and we have been working on them. I would categorize these in three major areas — and I won't say anything here that I have not said privately to my friends from the Trades Council.

With respect to labor: Prevailing wages prevail in this program. However, the homebuilders see no reason why we are not allowed apprentice rates as we are on other certified government programs; and secondly, why there are not some specific training programs implemented into this program that could use indigenous labor. Because as it stands right now, it is impossible to use the guy in the neighborhood, who needs the work, on these jobs. We have thought about this and are trying to do something about it. It's not an easy proposition. But it really is a shame, when there are more fellows standing around watching than there are working on the job. And we can't get the mechanics from the Union Hall anyway, because they're all tied up in other jobs.

The third point is that this requires some new subcontractor training. We've trained some subcontractors and put them in business. The small, skillful, do-it-yourself artist *can* go into business, but he needs some help. He needs to learn normal business administration techniques. There is a need for this size and type of contractor. And it's a wonderful opportunity to train people who normally would not have this opportunity — indigenous people in the neighborhoods where we're working.

The heart of the problem, the urban problem, in my humble opinion, is to start the neighborhood up physically. To do this we need much better coordination on the implementation level. Specific projects need to be checked and rechecked in the appropriate agencies and be pushed along; otherwise the developer simply loses heart after a while. We are outnumbered. There are just too many people to deal with.

Better Neighborhood Planning Needed

Eventually, and we're getting very close to this, we need a better job done on the neighborhood planning level, because when we get into the neighborhood we have to decide whether we're going to "rehab" this, or "221" that, and I feel this is not a decision that private enterprise should make. I think it should come from the neighborhood community councils and be translated into tangible terms so that we can go out and get a building permit and do what the neighborhood wants us to do.

At every turn we have to promote and encourage homeownership. I don't think I say anything new when I say that homeownership engenders responsibility. And as these programs progress new opportunities are arising where a responsible family can own its home.

I think we are a little bit timid about where we develop. There are many situations where the block is bad, from an economic standpoint, and why should the government put money into it. But we're involved in a battle here and we should have the temerity to invest \$25,000 or \$30,000. From our observation, everything we have started has eventually come along not only because of our efforts but because of the efforts of the neighbors. The most dramatic thing that can be done in a neighborhood is to build a new kind of house, because it says to the people there, "we care." And they can see it.

One woman walked into one of our rehabilitated houses and burst into tears. She had never seen anything like it in her life. Another woman asked me to come into her house and look at it. She had been planning to move, but since we had done the house next door she decided to stay and help the neighborhood get better. I am impressed by these things.

This may be beyond the scope of this Commission, but I think Philadelphia has to think about tax abatement if we're going to get any real low-income housing built. You cannot build highrise construction in Pennsylvania and possibly expect to get to the low-income level. Most states have tax abatement provisions for this type of construction. Pennsylvania does not, and as far as I know there is no agency pushing for this.

I think we shouldn't call it "tax abatement." It should be "tax conservation" because there are many places where they are not getting taxes anyway where we could build this kind of structure. It wouldn't be much of a loss to the city.

Locally, we have to think very seriously about our code. It penalizes low-rise, garden type construction. It's a prohibitive code even by suburban standards. There is no effort to change it. The building code has been tied up since 1960 — the new code. I pointed out once to Mr. Dilworth that if he could get that code out he might save 10 percent of the costs in the school program.

In several agencies they just don't get the message. There is no urgency about any particular project. People in the Planning Com-

mission have told me they don't care whether it works economically or it doesn't work economically.

A great job has been done here in grantsmanship, in getting a lot of money into Philadelphia, but when it gets to being implemented, being put into the neighborhoods, we're losing a lot of the momentum.

Local Mortgage Insurance Would Help

Just one more thing. We need a local mortgage insurance program to get around some of the problems that FHA has. FHA under its normal operations cannot get into high-risk insurance situations. For a minimal amount of money you could insure properties and get the cooperation of local industry; as soon as you prove it's not a risk, then FHA will come in. We've done this. In Allentown we've built houses conventionally to prove a sales and rent level before they would come in and give us a commitment on a 220 loan. This is often done in homebuilding.

I think we're not courageous enough. We should say, "Let's take \$2,000,000 on a ten-to-one reserve and insure some of our own stuff." As soon as that happens, FHA will come in. It's a simple thing. I think the complications are over-exaggerated.

I may be stealing this from somebody, but I think we have a great series of opportunities brilliantly disguised as insoluble problems.

MR. FEINBERG: Thank you very much, Mr. Lindy. Our next witness is Mr. M. Todd Cooke, Jr.,¹ who is the senior vice-president of the Philadelphia Savings Fund Society. Mr. Cooke.

STATEMENT BY M. TODD COOKE

MR. COOKE: I'm delighted to have the opportunity today to meet with this group and to present a statement on behalf of the Philadelphia Housing Development Corporation.

I understand your primary interest is to have put before you some description of the program and the problems of the PHDC. I will do this briefly and focus largely on the problems which I see preventing the even more effective accomplishment on the part of corporations of this sort.

Mass-Directed Nonprofit Housing

The Philadelphia Housing Development Corporation — which we refer to familiarly as PHDC — was organized to help provide improved

¹ Has served as Executive Director, Delaware County Planning Commission; land planner with Philadelphia City Planning Department; and as member of Philadelphia Anti-Poverty Action Committee, Philadelphia Housing Association, Philadelphia Housing Development Corporation, and Urban League of Philadelphia. Master of City Planning degree from Massachusetts Institute of Technology.

housing for the low- and low middle-income families in improved neighborhoods. We selected the nonprofit corporation approach in an effort to harness together for this task the resources and capabilities of government, civic groups, and private enterprise. PHDC's specific objectives are as follows:

The foremost objective is to provide rehabilitated and modernized houses for sale to lower middle-income families. The corporation also has an objective to construct some new housing on scattered vacant lots. It has a further important objective of extending the opportunity of homeownership to sizable numbers of families now priced out of the market. And finally, it is our objective to work with other agencies in an attempt to stabilize and improve older communities.

Just a word on how our corporation is organized. As I indicated, it was chartered in June 1965 as a Pennsylvania not-for-profit corporation. We have a 35-member board which was named at an organizational meeting in August 1965, consisting of 10 City officials who serve ex officio and 25 representatives of the public. Many of the latter are informal designees of civic, business and trade groups with interests and responsibilities in the housing field; for example, the Homebuilders Association of Philadelphia and suburbs, with which Mr. Lindy is associated.

The 10 City officials who serve ex officio include the Mayor, the President of City Council, the Managing Director, the Director of Finance, the Development Coordinator and others. Our policy on a day-to-day basis is largely determined by a smaller 15-man Executive Committee which has representation from both the governmental and the private sectors.

A word on financing: Our corporation was not financed or even staffed until early 1966. At the present time, the corporation has an authorized staff of 22 persons and an operating budget of approximately \$240,000 annually. Our operating funds come to us from a grant from the Office of Economic Opportunity via the Philadelphia Anti-Poverty Action Committee, of which PHDC is a so-called delegate agency.

Capital funds, as distinguished from operating funds, come to us from a \$2 million revolving fund which was made available for our use by the Philadelphia City Council. Expenditures from this fund can be made only for capital purposes — the acquisition of real estate, its improvement, and legitimate costs involved in the resale of these improved and modernized properties.

Let me try and review for you briefly our accomplishments during our 18 or 20 months of actual operating experience. I will be the first to admit that these accomplishments are modest.

We have concentrated during this period largely on the rehabilitation, usually amounting to the virtual reconstruction, of severely dilapidated rowhouses in North Philadelphia. We have completed the rehabilitation of some 27 of such structures which were virtually rebuilt inside, in compliance with city codes and FHA standards. All but 7 of these houses have since been sold. These range from relatively

small, three-bedroom, one-bath, units to much larger five-bedroom units with one and a half or two baths, which provide up to 2,000 square feet of living space. By absorbing overhead and, of course, dispensing with any profit, we have been able to hold prices on this initial group to a range of \$8,575 to \$10,990. The monthly carrying charges on the three-bedroom units, which are priced at \$8,575, are \$68.50. The five-bedroom houses have been sold for \$10,990 with a \$400 downpayment and monthly carrying charges of \$87 on a 30-year FHA-insured 221(d)(2)¹ mortgage of \$10,590.

We feel, and our experience in credit underwriting substantiates it, that families in what we consider the low middle-income range of \$4,000 to \$6,000 can handle these kinds of payments. (Our typical buyer, according to statistics we recently compiled, has a family income in the \$4,100-\$4,300 area.) You will recognize that these sale prices represent extremely good values. I believe, Mr. Lindy, that typical new four-bedroom houses in North Philadelphia now sell for around \$15,000.

Over the past year the corporation has also built and sold 20 brand new three-bedroom rowhouses, again in the heart of North Philadelphia. I would guess that these units represent the first new-sale residential construction in this section of North Philadelphia, certainly since before World War II, and probably for a much longer period.

These houses have been priced at \$11,450 for the interior units and \$11,950 for end-of-row units. The second group have all been sold, under FHA financing, on a 30-year mortgage, at a downpayment of \$378 and with monthly carrying charges of \$96.50.

In the interest of saving your time and in the expectation that Mr. Emerson will touch on it in his remarks, I'm going to skip over the role of the PHDC in the operation of the Land Bank and Central Property Service. Suffice it to say that another role of PHDC is to acquire derelict structures and vacant lots from a variety of sources, stockpile them, inventory them, and subsequently release them to agencies including the Housing Authority, PHDC, local nonprofit corporations, for rehabilitation by those agencies or groups.

Problems: Costs, Training, Manpower

I would like in closing to discuss with you briefly some of the problem areas that have become fairly clearly defined during the course of our limited months of operation. I think I can group these problems under three broad headings of costs, training and manpower, and work simplification.

I was interested and delighted to hear Mr. Lindy anticipate some of my remarks in his own statement. Turning first to costs: As I've indicated, the corporation has been able to rehabilitate and resell some 27 properties at what we consider very favorable prices ranging from about \$8,600 to under \$11,000. Unfortunately, our costs for a number

¹ Under Title II — Mortgage Insurance, National Housing Act.

of similar rehabilitation projects which the corporation now has in hand are increasing.

I don't think that necessarily our costs are out of line. In other words, \$12,000, or even up to \$14,000, for a completely reconditioned, five-bedroom house, probably represents a good value. The point is, however, that if a low moderate-income family of the type PHDC wishes to serve can't afford the value, then the corporation simply isn't doing the job for which it is intended.

Accordingly, the corporation is at this time giving very careful consideration to possibilities for cost reduction. You gentlemen are all much more familiar than I with the various possibilities that exist. They have been carefully studied and researched on numerous occasions. However, our corporation now does have substantial experience in the rehabilitation of 80 houses — the 30 that we have completed plus 50 which are now about 70 percent toward completion.

We believe that the experience with these 80 houses does give us a base for going back, taking a careful look at all our elements of cost, and seeing if any possibilities exist for some reduction. We have appointed a small, expert committee including several of Mr. Lindy's colleagues in the homebuilding field, to assist us with this.

Possible approaches which might effect some savings include, for example, the bulk purchase by the corporation of stock items and equipment for subsequent resale at cost to the contractors who are working with us. We are also hopeful that the expanded Land Bank and Central Property Service, which I touched on earlier, will produce a lower average acquisition cost on the derelict house and the vacant lot which is the starting point for the PHDC operation.

Another avenue toward cost reduction or reduction of effective cost to the homebuyer is more generous financing. Here we are hopeful that the FHA Section 221(h)¹ program will offer some help and promise. We have several small projects now under way which we are planning to attempt to finance via 221(h).

We are also giving some thought to the possible desirability of outright construction subsidy to permit PHDC to write down the cost of the property itself. As I mentioned earlier, our capital funds are made available to us on a revolving basis. The result of this is that under our present financing capability we must, on an average, recoup, when we resell, the out-of-pocket cost which we have incurred. We absorb administrative overhead, and we of course do not attempt to make any profit. But our out-of-pocket costs must be recouped.

If supplemental funds could be made available to us from some other source to permit a modest construction subsidy, it would, we feel, be of significant assistance in permitting a larger number of families to consider homeownership. Just as an example, if we could write down to a sale price of \$10,500 the house in which we had invested \$11,500 or \$12,000, many more families could consider the purchase of such a property.

¹ See footnote, page 394.

Turning next to the area of training, I would simply like to say in amplification of what Mr. Lindy has already so well stated, that while PHDC up to this point has focused largely on bricks and mortar and on dollars and cents, we feel that we have a very real responsibility and an opportunity to use our operation not only to provide houses but to provide training and jobs.

We would like to be able to use our operation to provide training, upgrading of skills to the unemployed and the underemployed. We would also like to be able to use our operation as a seed-bed, if you will, for small business enterprises. We would like to be able to take on, and give some supervision and guidance to, the small fellow who is now attempting to operate out of the back of a little pickup truck.

We would like to be able to encourage and stimulate and help such a person to develop into a profitable businessman. Unfortunately, this aspiration runs contrary to the very imperative necessity of keeping costs down. Providing training, providing supervision, utilizing labor which at the outset is perhaps not fully productive, is going to run our costs up. Attempting to assist the budding entrepreneur, to give him the rudiments of bookkeeping and cost control so that he can put his operation on a profitable basis — that, too, costs money.

So if we are to fulfill this kind of responsibility we are going to have to get some modest additional funds from some other source. But I do feel that this is a responsibility that we cannot shirk and that we are under an obligation to get a modest amount of money from some source so that we can expand this kind of training activity.

My third comment with respect to our problems relates to the general area of work simplification. Mr. Lindy and others here are much more expert on this than I; but I am continually appalled when I go and look at our operation and see workmen wandering around, carrying bits of material, bumping into one another, performing as artisans must have performed a thousand years ago. It does seem to me that with our sophisticated management techniques, our space-age technology, something can be done toward the simplification, rationalization, structuring, speeding, of this process of modernizing and rehabilitating a Philadelphia two-story or three-story brick house.

It seems to me that some system of operation could be achieved in Philadelphia which would permit people to move in and clean these places up, put new equipment in, get out quickly, and keep the cost down and speed up the production.

In closing, I would just like to emphasize and leave four points with you, several of which I hope have already been implied in what I have said. First of all, PHDC itself cannot rebuild entire neighborhoods. It lacks the financial resources, staff capabilities and legal responsibility. We can make a contribution, but it will be a contribution which will be effective only in cooperation with other agencies and within the guidelines of some sort of community plan, of the sort that Mr. Lindy referred to.

Secondly, it's perfectly obvious that PHDC alone cannot solve, nor has any pretension of solving, the "housing problem." It can't. Our

contribution can be a significant one, but it's only a relatively small one.

Third, and I do have to emphasize this before this group particularly, PHDC with its present financial resources cannot house the true poverty group. The income group that we can serve, I believe, is the lower middle-income group — \$4,000 to \$6,500 — which currently, at least in the Philadelphia area, is only marginally served by the Philadelphia Housing Authority and is only marginally served by private enterprise.

Finally, I would like to leave with you my personal conviction that despite these limitations, an outfit like the Philadelphia Housing Development Corporation and its counterparts in other communities, can make a real though modest contribution towards the stability and the vitality and the improvement of our older communities, and can make a real contribution in broadening the range of housing choice available to lower middle-income families.

MR. FEINBERG: Thank you very much, Mr. Cooke. Our next witness is Mr. Christy Emerson. Mr. Emerson is Director of Development of the Philadelphia Housing Authority, who has directed its rehabilitation program as well as all other phases of public housing production. Mr. Emerson.¹

STATEMENT BY CHRISTY EMERSON

MR. EMERSON: I'm going to disappoint some of my colleagues, because I'm going to talk as an individual. I'm not going to sell what the Philadelphia Housing Authority is doing. I have my facts but they are in my briefcase.

I'm going to take your time in a somewhat frivolous way. I feel I can do so because I met you the other day² and had a chance to talk with you individually. I want to report on that, by the way, and tell you that the price of the two-family rehabilitated house we saw was \$26,150, or approximately \$13,000 per dwelling, and that the four six-bedroom properties were each acquired from the developer for \$15,950. The acquisition costs to the developer on each of the latter were \$2,400. Also, there was a vacant lot included.

I want to pick up on a story that happened to Mr. Feinberg. A boy bumped into Mr. Feinberg and said, "You like these houses?" Mr. Feinberg must have said, "Yes, I sure do!" And the little boy said with pride, "I live here!"

I want to tell a few more stories, if I may. There was a lady that I met in Mantua Hall, an elevator building of the Housing Authority in West Philadelphia. This looks over the Schuylkill River to the east,

¹ Experienced as planner and housing analyst in Philadelphia area for nine years, including three years with Community Renewal Program. Academic training at Yale University and Massachusetts Institute of Technology.

² On a Commission inspection tour.

on to Center City. I was in her 14th floor apartment and she said, "Don't I have a beautiful view!" I said, "Yes you do!" Then she said: "You see those apartments over there? (She was pointing to some very modern apartments that had been built with the aid of the Redevelopment Authority.) You know how much those rent for?" I said, "No." And she said: "\$350 a month! And you know who they have to look at? Me!" (Laughter.)

She did even better than that. She said to me, "Excuse me, I want my son to run an errand for me." She took her son out to the elevator and then came back into the room. She went over to the window and looked down to see her son come out on the ground floor and walk out to the corner. He looked up, she looked down, both ways, right and left observing the traffic, and yelled, "Now!" then he walked across the street. When he came back they went through the same routine. She had adapted herself to her environment (and her voice almost shattered windows).

There's another person that I've met, who told me that the day before she had had to block a constable from taking the furniture out of a house next door to hers, where the man was in the hospital. There was no one home, and the constable was going to remove all the man's possessions. She blocked his entry. I said to her: "Mrs. Jones, I think we need a thousand more like you in Philadelphia." And she said, "I agree. I need help."

Programs Door-to-Door with People

I think that if the results of your Commission's work keep these people which I describe foremost, then you will have really accomplished something. I hope you will not let them become buried under a pile of agencies and administrative programs. One way to prevent that is very hard to do — and I don't think you will do it.

But you could say: "Let's create programs which go out into the homes of these individuals, contact them there, tell them that we are working in their block and that we would like them to share in the benefit of this work; that we would like to fit this work to meet their needs."

You can't do that by adding an I or a J or a K to the letters FHA and the numbers 221. That's a mass solution to a mass problem. I'm suggesting that there have to be individual solutions to individual problems. And that's very hard to do. Someone is going to have to have enough guts and enough emotional stability and enough humanity to go up to a front door and take on all the problems that lie behind that door, sight unseen.

Everyone behind any door is going to have a chance to participate. No rejects. That's a very, very difficult concept. We've attempted to do that in Philadelphia in one of our areas, where we established with the aid of a private corporation a local applications office. We found that by going from the local office — with the aid of community residents — into the homes of families with serious housing and other

problems, and soliciting their applications, we generated a great deal of support for the Authority's efforts and enthusiasm for other neighborhood activities.

It culminated in a counter-picketing in our behalf by these residents whom we had served who were responding to what we were doing. When we were being opposed in that area by private interests who wanted to see the vacant houses that we were working on go to middle-income and upper-income rehabilitation, these residents came down and said, "You are working for us and we appreciate what you're doing and we want you to continue." These were families whose living patterns are far removed from patterns accepted by our society.

The person who goes to a family like that has to be willing to meet them as human beings. He or she has to be willing to listen to frightening tales of a very bare existence in slum communities. That takes a great deal of individual resource on the part of the person carrying the program. So I say — and I guess this is my first point — I hope you will ask yourselves when you conclude your work, "Will what we have come up with actually reach individuals?" "Will we contact people where they live and do something for them?" "Are we ready to go door-to-door?" And I think if you are ready to go door-to-door, then you will come up with a wonderful set of proposals.

This matter of being afraid is prevalent in the areas where we are buying houses in Philadelphia. The residents are afraid, and you might have had a little apprehension yourselves as you walked in the neighborhood in South Philadelphia where we went on Thursday afternoon. Think of the residents who live there 24 hours a day and the fears *they* must have. They are not different from you, basically.

I think this is a key to one of the very crucial problems that Philadelphia has — and I say Philadelphia not because I ask you to solve this particular problem for Philadelphia alone, but just to make sure that what you recommend can be applied in Philadelphia the way Philadelphia needs it. We are buying houses in areas of the city where we are faced not just with a physical deterioration, not just an uncleanness, not just a lack of education. We are faced with a fear and a desire to leave, an attitude of abandonment.

But as I see what is happening — and I can't really describe this picture for you because I would have to wait until the 1970 census. The movement of people has left an underutilization of land and structures. You saw on the bus tour, as I did, the number of vacant lots, the number of derelict properties. In fact, we have a vast amount of underutilization of land in North and South and West Philadelphia.

I've heard Mrs. Dolbeare say that we have an expanding ghetto in Philadelphia. That's true. But I would say that a more critical problem is that at the center of the ghetto there is an underutilization. What are we going to do to overcome that? Are we going to have increased demolition of structures? Are we going to have municipal land banking financed by the Federal Government? Are we going to have disuse or unuse as a public purpose? We've never condemned for unuse before. How are we going to maintain this land so that it

doesn't lie there in its present state while we are trying to rehabilitate nearby?

I am sure that my provision of houses through the Housing Authority and through Alan Lindy and everyone else involved is not going to overcome this attitude. It is not going to do so. There has to be a great deal more done to overcome the fears and this general prevalence of abandonment; and it has to be done on a routine, long-term basis. What is really happening here is that you have a system working very well — an economy and a society working very well. We're lucky to have this happen in Philadelphia.

I've turned that around very quickly. Let me explain. We have rising income generally. We have opportunities for people to get out of this area. This is a good thing, not a bad thing. But on the other hand, we are left with a carry-over, a throw-off, of many, many problems. Therein lies the origin of fear. There are so many problems piled on top of problems for those people who are left behind, who are not sharing in the opportunities of our modern industrialized society. We have to look positively on this situation, set up mechanisms to deal with it routinely and not be paralyzed by guilt.

Therefore, the summary of my second point is that we need a second criterion for your review of whatever you propose. To me that should be that each city should be able to apply your proposals to fit its particular need. You should not try to solve mass problems with mass solutions.

How Public Housing Fits In

Now I'll get to public housing and how it fits into this, as I see it. Public housing has come very close to losing all relevance to the low-income problem in Philadelphia. That's an overstatement but I want to say it that way, anyway. It has begun to revive, but the reason I say it was losing relevance is that the whole concept of public housing is a concept of the 1930's.

Mr. Starr is right. Public housing has a very valuable and clear and distinct set of ground rules which are helpful and should be maintained. I'm not saying that public housing is not a good thing or that it isn't working. But I want to point out its deficiencies. It has a development subsidy created in the thirties for many reasons foreign to the problems that we face today. The very simplest way of explaining this is to say that the "public" in public housing isn't the same as the "public" in public welfare. Public welfare refers to the people being served. The public in public housing is who is doing the constructing. That's the gist of it. If you remember that you will understand the point I'm about to make. The subsidy in public housing is a construction subsidy. The Federal Government, in effect, provides whatever Philadelphia needs in terms of low-income housing. It leaves the Housing Authority locally to operate that product and to make ends meet with operating revenues.

Therefore, it's as if someone came to me and said, "Look, Chris, you need wheels. You don't have much money and you're going to have to have long-term maintenance of that transportation. Would you like a Rolls-Royce? Or would you like a Chevy?" For durability and knowing that I won't have the money to replace it every year, I might pick a Rolls-Royce. And if I became the chauffeur of that Rolls-Royce I would be very careful to make sure that whoever gets into the back seat of my car doesn't damage my property.

Let me describe this another way. The Housing Authority can rent an \$18,000 per unit apartment building cheaper than it can a \$12,000 rehabilitated house. And the latter can still be rented cheaper than one of Charlie Abrams' \$4,000 move-in houses. In the public housing system the construction cost is not a part of the rent. The rent is calculated entirely on what your annual estimate of your operating costs is.

Now, let's take a look at another side of the same issue. In the thirties public housing, as a public construction program, was serving a broad class of society. There were many people available to move into public housing. Public housing was desired and used by the public. In the late forties, with the returning veterans, public housing had a large, broad cross-section of society to serve. This extended into the early fifties.

Public housing no longer has that kind of clientele. Public housing now is dealing with a discrete, income-short, racially discrete group. This is very evident. And the people who formerly enjoyed the services of public housing now have no use for it. In fact, the residents who have had the benefits of rising income and who have moved out of the ghetto areas would rather not have public housing go with it. Public housing becomes less a stopover for people with rising income than it does a rather permanent institution.

Today in Philadelphia we are at a turning point. We are responding to the need for low-income shelter. Public housing can provide that shelter. Yet we've got this subsidy formula — a good one, but one that needs modernization. We have been asked to move in the direction of rehabilitated properties. We are doing so and we want to reply dramatically to the request that we do so.

However, these properties are expensive to maintain. Our annual operating costs will be high. We have no subsidy to cover this problem. Secondly, within this discrete clientele, made up of families bypassed by society, we are being asked to serve more and more difficult families. These families are difficult in terms of our subsidy system because we would expect to incur missed rents, high maintenance costs, and similar factors.

Therefore, again, we are hesitant. We are worried. We'd like to respond dramatically to this present and current need in Philadelphia. Yet we know it has an impact on our operating budget and we know that there is no subsidy to cover this particular facet of public housing.

As the Housing Authority is left to operate only in the leftover areas — where the people live who are not sharing in rising income — and as it becomes selective among these families for tenant eligibility — not being willing to go door-to-door — it loses its relevance. People say: “How can you do this? How can you be an institution to serve low-income families and then turn around and be picky and choosy as to who you will serve?”

I’d like to point out, however, that some things have occurred in our rehabilitation program which are going to have long-term benefits. We are dealing with private developers. We are bringing private development into the public housing production system. Secondly, we have site freedom in our rehabilitation work, which we’ve never had before. That is, we have a City Council-approved series of boundaries, and within those boundaries we can select properties ourselves. No more public hearings. No more Planning Commission approval. The developer finds the house, brings it to us, we make an agreement, we buy it.

Third, we can therefore begin to program accomplishment, because we can expect to produce so many units a year and we can do certain things to increase our program. Prior to this time, with our reliance upon the availability of sites that needed all kinds of community approval, design approval, and individual funding by the Federal Government, our annual production levels had gone 200, 1,200, 60, 22, 400, 100, the darndest graph of production you can possibly imagine. It had no relation at all to need.

Another point in relation to the form of operation we have now. It generates a new kind of planning. Instead of planning for five to ten years ahead — although this is needed — we now have developers taking options on properties and coming to us and saying: “Here is an opportunity. We know what we can do. What additional planning do you want to do?” That’s a very heady — and yet a very concrete and practical — problem. It is not just a 20-year picture of the future.

In the one example I gave you, where we are serving an area and where we went in and spoke to individual families, we had the opportunity of sharing the responsibility for these families with an interested, public-spirited corporation. Also, the families moved into a house on a block; they were not one of a series of apartments in an elevator building where you do have communal living and a much more difficult communal problem. Here you have private houses side by side. Other problem families are going to be living nearby anyway, so why not take them into the publicly improved properties?

Community Acceptance with a Broader Clientele

We have the following disadvantages. We have the real problem of public relations, which has been mentioned by Mr. Starr and by Mr. Lindy. I’ll call it community acceptance. I don’t think we will gain community acceptance until we serve a broader clientele, perhaps. That’s one way of approaching our community acceptance problem.

That would suggest that we have a wider income range to serve, which would permit us to benefit people in many neighborhoods in the city instead of just the neighborhood where the income is the lowest.

Perhaps we ought to have more functions attached. Suppose we had services to offer to sell houses or to present homeowners who suffered difficulties or ran into mortgage troubles. If we assisted them, I'm sure they would be more pleased about having us operate in their particular area. Right now, bringing our very discrete product into their neighborhood isn't going to do them any good. And it's not going to do us any good.

The business of building elevator buildings is foreign in Philadelphia. In New York it's not. We have a great deal of community resistance to elevator construction. We would like to be able to absorb land costs and only worry about construction costs, and build more in conformity with the surrounding environment.

I'll give you an example of another kind of public relations problem we face in public housing. When we announce our bid award we normally have to tell the reporter what our total costs are, including acquisition of the land, the appraisals, the legal fees — all of the associated overhead costs. When we say \$20,500 per unit, he says, "Why spend that much money for poor people!" Think of the public relations aspect of telling the public we're spending \$20,500 for a finished product, whereas the Redevelopment Authority, a companion agency of ours, sells a piece of land to a developer in North Philadelphia who puts rowhouses on it and sells them for \$13,000.

And the reporter says to me, "Why don't you build houses as cheaply as the Redevelopment Authority — theirs only cost \$13,000!" I can only say to myself, "If the reporter only knew that if you added up all the per unit costs that are hidden in the Redevelopment Authority's operation, the cost would be exactly the same as ours." If you add in all of the write-down and all of the administration costs and the legal and appraisal fees, you get the same cost we have. But ours sounds like \$20,500 and theirs sounds like \$13,000.

That's a kind of community acceptance problem we face in public housing.

In terms of sites — if we could extend the system that has been developed for the used-house program, where we have broad areas in which to operate, and all our new sites were done in that way, then perhaps we could employ the Philadelphia Housing Development Corporation to assemble sites for us and lure private developers. I think we could increase our production tenfold if what we were going to do with the product was acceptable. Any elevator construction is going to run into difficulty, whether it's the Housing Authority or not.

Any construction that serves only the very lowest-income group is always going to have trouble in terms of community acceptance. So that even if I had a land assembly system I would still face that other problem.

I will summarize by saying this. I have asked you to ask yourselves, when you come up with your proposals, how is this going to reach the

individual? Are we just going to pass rent supplements without figuring out how rent supplements are going to reach the family who is hiding behind their door?

And secondly, is what you are going to propose going to meet Philadelphia's particular needs? Everybody has needs. Ours are just one kind.

And thirdly, I hope you will help us make public housing relevant.

MR. FEINBERG: Thank you very much, Mr. Emerson. We'll now begin the questioning period by members of the Commission. We'd like to begin our interrogation now and I'll call upon our Honorable Chairman, Senator Paul Douglas.

QUESTIONS BY COMMISSION MEMBERS

MR. DOUGLAS: *I want to congratulate all the witnesses for their very able statements. One of the problems we all face is the choice of the particular type of building, as well as the method of financing and operation. As I see it, there are probably three or four different types — the highrise elevator type apartment beloved by Robert Moses; the type of construction followed in the thirties, which was three- or four-story; the individual house, which was followed here; the small-scale, vest-pocket units which turned out not to be so small, after all.*

One must judge these both on the basis of cost and of social value. It's hard to get the comparable figures. But I'd like to start by asking Mr. Emerson this. Do you have comparable figures on your highrise apartments and your individually rehabilitated homes, in terms of square feet, cost per square foot or per room, separating land costs from construction costs?

MR. EMERSON: I'll attempt to answer that question as best I can and will follow up later and check to see if I am correct.¹ Our rehabilitation work — talking now only about the cost to the Housing Authority from the developer of the work, including rehabilitation, overhead and profit, but excluding the land and original structure value — the cost per square foot of this rehabilitation work has been running \$9 to \$10 per square foot.

MR. DOUGLAS: *For rehabilitation?*

MR. EMERSON: Right.

MR. DOUGLAS: *Of individual homes?*

MR. EMERSON: Of individual homes. You must understand that the shell is in existence when we start. But the cost inside the shell has been running \$9 to \$10 per square foot. On the elevator construction — again trying to exclude all associated costs — the cost has run \$14, \$15, per square foot, depending on design.

MR. DOUGLAS: *That includes the shell?*

MR. EMERSON: That includes the erection of the structure.

¹ See further data submitted, starting page 476.

MR. DOUGLAS: *I don't want to pit you against Mr. Cooke, but how do your costs per comparable size building compare with his?*

MR. EMERSON: First of all, our specifications differ in a few ways. I believe that PHDC provides a shower and a tile bath, which the Housing Authority does not. The Housing Authority provides only a bath. The PHDC provides a modern kitchen — FHA standards. Although you saw a modern kitchen in the houses in South Philadelphia on Thursday, our general product is not a modern kitchen. The standards are somewhat less.

PHDC from the beginning has been using drywall construction for partitions, whereas we have been using plaster. There is perhaps a \$300 difference right there. In the kitchens there may be a \$200 difference. In the shower, PHDC is putting in more than we are, and that might be a \$200 to \$400 item which might offset the other savings.

But our costs for a typical three-bedroom, two-story, straight front brick row-house in Philadelphia has been running around \$9,500 for the work, in our first year and a half of experience.

MR. DOUGLAS: *Do I understand that the conclusion is this, that publicly supervised construction is no more expensive than quasi-public construction? The difference is between the smaller units and the larger units — the small units using existing foundations?*

MR. EMERSON: I would say that it's relatively true that our costs are not too different from PHDC.

MR. DOUGLAS: *Mr. Cooke, I know that you are in no sense rivals in this, so would you make a comment?*

MR. COOKE: Yes, and I'll ask the staff to verify what I'm going to say and furnish you with supplemental figures. Unfortunately, I cannot quote our square foot cost with assurance. I think on the 30 houses which PHDC has rehabilitated and resold our costs have been running on the order of \$7.50 a square foot, which would be somewhat lower than the figures Mr. Emerson quoted. However, there were explanations for that favorable price. Frankly, I think that some of our contractors were a little optimistic and made out rather poorly on one or two of the jobs.

Secondly, our costs on more recent contracts have moved up. So while I would continue to feel that our costs may be running slightly below those experienced by the Housing Authority, I think the margin has narrowed to the extent that it is probably not now particularly significant. Neither we nor the Housing Authority has any magic formula that suddenly knocks two or three dollars per square foot off the cost.

We operate with somewhat different specs but I don't think the differences are sufficient to account for anything substantial. In some areas the Housing Authority specs are more rigorous than those of the PHDC. Does that answer your question?

MR. DOUGLAS: *You're speaking of construction costs — not land costs?*

MR. COOKE: Yes, on the same basis as the Housing Authority figures.

Low, Highrise Housing Compared

MR. DOUGLAS: *Mr. Starr, in New York, what are comparable figures on the skyscrapers à la Robert Moses and the vest-pocket structures that you are now building? As I understand it, the vest-pocket structures now have what — 100 or 200 apartments — and the skyscrapers in the park run about 1,000 or 1,500?*

MR. STARR: First of all, I don't know why we should give Robert Moses credit for building elevator apartment houses. If we go to Stockholm, which everybody praises as being a beautiful —

MR. DOUGLAS: *I merely wish to identify them and also because I had a passage at arms with him about it. He came out against small projects and small parks and was in favor of big projects on a huge scale, with highrise buildings and with magnificent country estates between the buildings.*

MR. STARR: Well, I can only say that a far more important variable is the time of construction, rather than the type of project in New York City at this time. The projects that we are building today are costing in excess of \$20,000 per unit, and we have to get down to the \$20,000 administrative ceiling by one subterfuge — I'll use the word — or another.

The City of New York has just announced and the Board of Estimates — our governing body — has just approved some lowrise public housing in the Bedford-Stuyvesant section of Brooklyn. In order for that housing to get approved the City of New York has to make a subsidy out of City funds to get the buildings in under the limitation for unit cost in federally subsidized public housing.

My impression is that the operating costs of vest-pocket housing are higher than the operating costs of the larger projects. This has been shoved under the rug because of the habit of charging some of the costs of the vest-pocket projects to the nearest large-size project. It's very hard to get a rigorous accounting in this field. Once you go into fireproof construction with an elevator, the costs seem to flow out of that, whether you're building 10,000 units or 1,000 or 500.

The land cost is a very important factor, of course. It's a very complicated issue. I haven't given you much of an answer except to indicate that the issue is complex. I don't think there is much of a saving in the construction of one as against the other. The saving is likely to be in the operation.

MR. DOUGLAS: *Let's see if I can summarize this. You say that a small unit construction with a limited number of stories, the land cost would be higher, maintenance costs would be higher, than in a highrise structure with many apartments. But on construction costs — I couldn't quite make out what you said on that. On the one hand, the use of elevator and fireproofing would raise costs, but on the other hand, the large scale construction would reduce costs. Is that right?*

MR. STARR: That's true.

MR. DOUGLAS: *So that the construction costs level out?*

MR. STARR: Where we can keep a clearer account of costs is in the limited-profit housing company program in New York, which is a publicly financed, privately developed housing program for moderate-income families. There we noticed that the projects get bigger and bigger, because the bigger the project, the lower the ultimate rent or carrying charges. There are some economies in operating costs, purchasing of supplies and equipment, as the developments get larger and larger.

We are building a union-sponsored development in the East Bronx for 16,000 families — not persons, families — including 35-story buildings. The economy there is in purchasing the supplies and in management operations when the thing is up, together with some offset in scale that makes up for the high cost of foundations and the cost of the elevators.

MR. DOUGLAS: *But you think those roughly offset each other?*

MR. STARR: In construction costs they roughly offset each other and the operating cost is reduced by the size of the operation.

MR. DOUGLAS: *So that if construction costs are approximately equal, but operating costs are higher for low-rise buildings, then the low-rise buildings are more costly?*

MR. STARR: I would say that is correct. Especially in the center of the city.

MR. DOUGLAS: *But now have they the social advantages of having greater sense of community?*

MR. STARR: Personally I don't use the word "community" because I don't know what it means.

MR. DOUGLAS: *You may not know what it means in New York! But over the country this is extremely important. Excuse me for pounding the table, but I don't think you can give up on that.*

MR. STARR: I can only say that I know some elevator type highrise apartments that have a great sense of kinship, friendship among the people, a sense of personal identity, a sense of identification with the development. I know some lowrise neighborhoods with a high degree of one-family ownership that do not have this sense of common purpose, if sense of common purpose is what you mean by community.

MR. DOUGLAS: *In New York, when you go from the airport into the city, you go by large numbers of public housing projects. I've never seen any children playing on the lawns between the skyscrapers. They seem deserted. I don't feel any community life there, from the outside. Yesterday I walked down a little street — really an alley that Miss Asner showed us — and in that one block, with some good block leaders, in 1965 they built a flower garden on a vacant lot. It was a beautiful flower garden.*

Last year, 1966, they built a play lot. This year, every family on the block had a window box full of petunias and geraniums. And across the street, in a hideous block, one man had got the word and his wife had put in a window box. It's an indication of what can be done with small units.

MR. STARR: Senator, I don't know what time you drove by the projects. But I've also made the discovery that it's very difficult to recognize public housing in New York City. It's hard to tell whether you're looking at a limited-profit cooperative, a public housing project, or Mr. Lefrak's fully taxpaying Lefrak City, which is a private development. They all look alike.

MR. DOUGLAS: *I don't say the taxi drivers are experts, but one of the questions I ask is, "Is this public housing?" Sometimes they point out private housing. Sometimes they are actually able to distinguish cooperative housing. But there is a particular group of buildings as you come in from LaGuardia. Every taxicab driver says it's public housing. It may not be. But between those particular buildings I never see children playing or any sign of life.*

MR. STARR: Well, sir, let's go down to the Lower East Side and see the playground that was recently built at Riis Houses, which is really one of the beauties of the city —

MR. DOUGLAS: *That one I know is very good.*

MR. STARR: Or we can drop by Bruckner Boulevard at Christmas time and see the wreaths in the windows of the public housing apartments, indistinguishable from other apartment living. I make a point of this, Senator, because of my basic view on land use in the United States. I feel very strongly that if we are going to let ourselves believe that the one-family house conveys certain moral qualities on its owner, which cannot be conveyed by any other form of land tenure, then we're going to continue to gobble up our suburbs, divide up this beautiful land into tiny, meaningless backyards and frontyards, and destroy what's left of our vital national heritage.

I do believe that we are going to have to find ways to live communally in apartment houses and still develop these sterling traits of character. My son is a poor victim. He was brought up in highrise apartment houses. Incidentally, I was too. And I think it's still possible to develop traits of human solidarity even if we are born and live on one slice of a very high cake.

MR. DOUGLAS: *That's very well stated. One of my daughters lives on the 14th floor of a New York apartment house and I know something about that. I was always prejudiced against the Philadelphia and Baltimore rowhouse. For many years I always thought this was a most dismal type of housing that I could think of. Yet what you are doing with rehabilitating units, with vacant lots, make me feel that there are great possibilities here. My mind has been opened. I'm a much broader man than I was when I came here a few days ago.*

MR. FEINBERG: Mr. Black.

MR. BLACK: *Mr. Emerson, can you give us any figures on the comparative operating costs of these rehabilitated units in Philadelphia and of the highrise units.*

MR. EMERSON: I think I can provide you with this information in a more accurate form later. I will say that the elevator construction, or the conventional construction, differs from our rehabilitation work in two respects. On the one hand, we do have a slightly higher main-

tenance cost on the rehabilitated houses because they are scattered. Secondly, they are old.

The other item is utilities. We have a wholesale rate for gas in our conventional construction work, whereas in our rehabilitation scattered houses we have a retail gas rate. The heating cost doubles because of this. In terms of dollars it's something like \$11 as opposed to \$22 or \$24 in a rehabilitated house per month for heating.

MR. BLACK: *Mr. Lindy, what type of labor do you use when you are rehabilitating one of these houses? Where do you get your labor, what are your sources?*

MR. LINDY: We have a building organization that habitually has done between one and two million dollars' construction a year. We're a union organization and we use union help. We have taken some of our people who like this kind of work in preference to the comparative pressure of new construction and put them on it and they seem very happy.

Incidentally, somebody said that this looks inefficient. Let me say that rehabilitation is inefficient. There is no question about it. The only thing you can do is try to smooth out what inefficiencies there are. We work with a small crew. The only thing we can do is increase their particular capacity. But I don't try to get a lot of people working on a lot of houses. We do about 10 or 12 at one time. One good man can supervise about 10 or 12 houses.

MR. BLACK: *You stated that you had a lot of guys in the neighborhood kind of standing around gawking while you were working. You indicated some interest in using them, but that for some reason you couldn't. What reason is there?*

MR. LINDY: Part of the contract with the Public Housing Authority provides for prevailing rates. A carpenter is about \$5.20 an hour. You simply can't get a guy off the street and ask him to produce for that rate. The man has got to go through some training first before he could be proficient enough to put out that kind of work.

MR. BLACK: *Do you have apprentice rates?*

MR. LINDY: There are apprentice rates that are approved for 221(d)(3) projects, but none are approved for the public housing program.

MR. BLACK: *Do you use any "jack-of-all-trades" or is it strictly jurisdictional?*

MR. LINDY: Strictly jurisdictional. Although we are working on this matter with the Trades Council, I think we're beginning to realize that if we can get some people to acquiesce a little bit we can cross the lines a little and get some efficiency that way. Efficiency for rehabilitation. It wouldn't work on new construction.

MR. BLACK: *Do you use dry-wall construction or plaster wall?*

MR. LINDY: The dry wall and plaster. The fact is that dry wall is really not too well suited to rehabilitation work. You're working with things that are out of plumb and you spend so much money plumbing up and shimming that you may as well have gone to plaster in the

first place. In some cases we do use the dry wall. We accommodate to both and that's probably the best way.

MR. BLACK: *Is there any reason other than economic that you have difficulty with the dry wall?*

MR. LINDY: The specifications call for five-eighths inch dry wall. In other projects we're allowed to use half-inch. It would be better if we could use half-inch. You must be a builder, Mr. Black, you know a lot about building.

To Improve the Public Housing Program

MR. WOODBURY: *Mr. Starr, your exposition of the public housing program seemed to me very effective. Is it a fair question to ask whether you have in mind any changes in that formula or that program which you think would be appropriate at this time?*

MR. STARR: I certainly feel that those of us interested in low-rent housing should try to get Congress to eliminate any ceiling whatever on the subsidizable cost of construction. I think that in practical terms the cities themselves are under great pressure from their own citizens not to be extravagant or wasteful in the construction of public housing. The effect of these cost ceilings is to limit architectural variety, to limit the humanity of design, to limit the play area. I would certainly make that recommendation very strongly, recognizing the political obstacles in the way.

MR. SHUMAN: *It's an administrative, not a Congressional limitation, isn't that correct?*

MR. STARR: It's an administrative limitation on units, but there is a statutory limitation on room cost. And I think both are mistaken. I would agree with my friend on the right here (and I'm speaking of his geographical location only) that we should do something about subsidizing the cost of services in public housing. The public — and even the friends of public housing — are asking the administration of public housing to take on tasks which are only being paid for by the tenants themselves.

And this kind of task, if it's important, and I do think it's important — for example, the provision of welfare services, the provision of day-care services, the provision of many other things that are part of successful housing, particularly for low-income families — should not be supported by those tenants, because they are the people least able to afford them. I think that kind of formula is also required.

This is applicable to New York particularly, and it may be applicable to other places, but the authorities have gotten too big. We're trying in New York to have one authority run too many units. I've long ago suggested that New York City should have six housing authorities — one for each of the boroughs and one for the City of New York — which could move in when a borough authority simply didn't do anything. This would provide some of the unpaid labor which the gentleman on my left is providing here in Philadelphia.

It's so important for unpaid civic labor to be involved in the administration of housing programs and at the same time provide a continuing professionalism. The unpaid labor can be on a more local basis. We can't afford an unpaid board for the New York City Housing Authority. We found that out. But if we had a borough authority we might be able to use some of this very valuable civic energy in sitting on a board along with government officials, serving *ex officio*.

This would bring the borough housing a little closer to the people in the borough, and they would have less of a feeling that it was being imposed on them by a monster city. Of course, the threat of the monster city would remain, because the boroughs wouldn't build public housing without such a threat hanging over their heads.

These are the kinds of changes I would envision. Many people have suggested changes like no income ceiling, selling housing to the people who live in the projects, and similar things. In my view, these changes mean that the housing will no longer be used for the low-income family, but will be used for middle-income citizens. I have no objection for housing for middle-income citizens. But I turn my attention to housing the lowest-income group in the population because that is the most difficult.

And of all the problems connected with housing the lowest-income families, the most difficult are the problems of dealing with what I will call, for the lack of a better word, the deviant family. I think the essential urban problem — really the most serious urban problem — is the one of how, in our society, we are to normalize the deviant urban family today. This is the family that's been so badly hurt by discrimination, by prejudice, by lack of job, by lack of economic background, that it's sundered and broken.

What is to be done to normalize this family without imposing new forms and new patterns? This is our toughest problem and it's the one this gentleman here is facing when he says that this family cannot be forgotten by public housing. We may not agree on the solution but we're looking at the same problem.

MR. WOODBURY: *On the question of the services that management provides, how far they go in the direction of welfare activities, and so forth: Do you think it would be feasible to have a public housing formula in which the Federal annual contribution would not be based on construction costs or production costs but expressed as some percentage of a self-sustaining rental?*

We've gotten into the habit of talking about the public housing formula as simply taking care of the financial charges. It wasn't originally so conceived. This formula was hit upon as simply one way — and a very definite way — of measuring. At that time we knew very little about what it would cost to operate these projects, let alone to build them, and the question of what services to include was also a matter of conjecture.

So we felt we had to have something fairly specific to hook the Federal annual contributions to, and this is the way it was done. Now we

have had a lot of experience of various kinds. I haven't thought this through, and that's why I'm asking your opinion. But it seems to me it would be more to the point if we expressed the annual contribution as a percentage of rentals.

Then we would force into the decision on what we are going to do the consideration not only of the construction costs but also of the maintenance and operation costs and social services and all the rest of it. It seems to me this would be a helpful thing for the program in the long run.

MR. STARR: I fully agree with you. As a matter of fact, I sometimes feel that all housing subsidy formulas were developed for the purpose of obscuring their true nature and meaning from the legislature and the voters. They have been made complicated. We have a program in New York State for middle-income families, and when people ask me what is a middle-income family I say it's a family whose income entitles them to live in a middle-income project. (Laughter.) That's the only way you can possibly come to a definition of it.

I fully agree with you that we should look at the need and develop a formula for Federal subsidy that meets the needs, which as we know, are social welfare as well as shelter. My hope of accomplishing this politically is rather wan. Maybe you will be able to play a role in making this need clear to the Congress of the United States.

Integration in Public Housing

MR. JOHNSON: *Mr. Starr, if you'll go back to a point you made in your presentation: You said it was not likely that public housing would function as a means of integrating areas of cities not now integrated. You felt that unless we were talking about integrating the same class level it would not have any meaningful stability. Now, almost by definition this seems to me quite a difficult thing to do.*

If you're talking about public housing for low-income people, there is nothing to integrate with but more public housing or more low-income slum neighborhoods. Which leads back to some of the main criticism of public housing now. Developments that are presently integrated and that remain integrated on a fairly stable basis have a kind of superficial integration of Negroes and whites of the same economic group.

But they are not really of the same economic group. If you look at the families you find that you tend to have younger Negro families with children, whereas the white families are at the other end of the age spectrum. You might verify or contradict this. If you take the situation, for example, in Hyde Park, near the University of Chicago, they have a mix of race as well as income. Greenwich Village has another kind of ongoing mix. If there were any Negroes there in large numbers they would be in public housing.

What I'm saying is that the situation as I have observed it doesn't seem to support your thesis in that particular sense. Further, integrating the lower middle-income levels in most cities normally means

breaking into ethnic concentration, national, religious, or what have you. These in the past have seen the most stubborn kinds of resistance to integration. This is the kind of problem we seem to be having in Milwaukee and parts of Detroit. Could you develop your idea a little bit further?

MR. STARR: I would cite Rochdale Village as an example. I don't understand your point. Rochdale Village has about a 20 percent non-white constituency at the present time. By definition the tenants living in Rochdale Village earn substantially the same income. From what I've seen there, the nonwhite families are what the social workers would call "upwardly mobile" more than some of the white families. But this is set in a section of Queens that was once originally nonwhite. As a matter of fact, local homeowners resisted quite vigorously the proposed introduction of a low-rent public housing project across the street. And these were entirely nonwhite home owners. They protested that the construction of the low-rent housing project there would imperil the existing middle-class integration which had taken place in Rochdale Village.

In other sections of New York City—I'm thinking of Bruckner Boulevard—where we have built middle-income housing which started out to be racially integrated and had Negro and white citizens earning substantially the same income, living in the same building together, the construction of low-rent housing nearby and the construction even of too much middle-income housing nearby—where we suddenly glutted the market and couldn't follow a process of careful renting to insure a balance at the beginning—resulted in the new projects becoming very largely Negro.

When white families move out of the integrated project they are replaced by Negro families. The result is that the balance is tipping and we're losing the integration we had gained there. My experience has been that where we have done the Rochdale Village type of thing, and Morningside Gardens, and other developments where we have taken middle-class families and kept them there, and not put too many developments nearby, and encouraged the development of a middle-class community—that this has worked.

I am convinced that the major opposition to racial integration on the part of the middle class is the stereotyped identification of Negro with low income. And when I hear people stand up and tell me what "the black man" wants or what "the Negro" wants or why "the Negro" is rioting today, I find that this kind of easy or facile identification of a group that is as complex as any other group in the United States, that is as full of differences in training, background, education, economic capacity, as any other group—when we start thinking of it in a monolith we are endangering whatever progress we may make.

That's why I stress so often the fact that integration and social interaction, in my opinion, move forward on a class basis. I express it as something that I cannot document. As I said at the beginning, this is a personal prejudice and I am giving it as such.

MR. JOHNSON: *Just to follow that up a bit further. Morningside Gardens is also cited as another type of ongoing situation, but we ought to remind the Commission that across the street from Morningside Gardens is one of the largest federally aided public housing projects in New York City. Certainly, if you enlarge your view of "community," this is an integration of economics as well as of a racial sort.*

MR. STARR: I don't think there is any effective interaction between Grant Houses and Morningside Gardens at all. I think we originally thought there would be. We originally hoped that by building Morningside Gardens alongside General Grant Houses we could get white families to move into General Grant Houses and make it an integrated community. We said to ourselves, "This is near Columbia. It's a section of the city that should be very attractive. Let's see if by putting it next to the co-op, and by trying to develop interaction between the co-op and the low-rent public housing, we can't get white families to move into this when it's new."

But the fact is today that there are 3 percent white families in General Grant Houses. I don't think it's any higher. Grant Houses is nevertheless, despite everything that my organization predicted about it — we were opposed to it, we said it was too high, that you couldn't develop a good community in that project, that the design was bad — in spite of all those predictions, I get the feeling after having been there and talked to some of the tenants that it is quite a successful project.

May I tell just a little story about General Grant Houses. One of my board members came to me recently and said: "General Grant Houses is a disgrace. People are afraid to go into the laundry rooms and do their laundry. You ought to go up there and investigate it." So I made it my business to go up there and investigate it. I walked into the laundry room without any notice to anybody.

Every machine was going. The women were there waiting for their laundry and talking and the kids were playing. I walked around the project and finally I spoke with the manager. I got the reports of the police. There was nothing to justify this allegation. So I went back to the board member who had given me this story and I asked him where he got it. He said: "From a friend of mine who owns some property on the other side of 125th Street."

"Who did he get it from?" I asked.

"He got it from a tenant of his who runs a laundromat in the houses across the street." (Laughter.)

MR. JOHNSON: *To go back to the first part of my question, which is really the key to the whole thing: We think of public housing as being a way of solving the most difficult housing problem, that is, the housing problem of the people who have the least money to pay. If our assumption is going to be that the only integration that means anything is going to be class-wise, then aren't we saying that we are going to condemn people with low incomes to live in larger and larger created areas of people with low incomes? Is that contradictory or not?*

MR. STARR: No, I don't think it's contradictory.

MR. JOHNSON: *Then how do you justify these two statements? How do you see a way out?*

MR. STARR: If I heard you correctly you're saying that I'm saying that if racial integration is a class problem and that we integrate along class lines — It is a fact of life that in a society which relies on a price system many goods will be distributed on a price basis. As long as we have in the United States a relatively free market for spending one's housing money, it is going to be a fact that low-income families are going to live in one set of places and families with higher disposable income for housing are going to live somewhere else. This is a fact.

You can take either one of two choices about that. You can say that this fact is so distressing socially that I will do nothing for the low-income families. Or you can say, I am going to improve the conditions under which the low-income families live, enable them to increase their income, augment their income by providing subsidies as they start moving up in the world, and look forward to a time when income equalization will be more general in the United States and more and more of our people will be on the same general economic level.

To me the path of progress is through the uplifting of the economic level of the poor. It is not through pretending that we can take different levels of income and even out their spending ability and dismiss class considerations this way. I feel that this class consciousness is just as strong in the nonwhite groups as it is in the white groups. It is a fact of American life which many of us may wish to destroy, but it's a fact with which we have to deal.

MRS. SMITH: *Two very fast questions. It's getting late, don't you think we ought to let Mr. Starr go catch his train? (Mr. Starr left at this point.) I had a lot of questions I would have liked to ask him but we'll have to leave that for another time.*

But I would like to ask a question that somehow we can never get answered or answered sufficiently for comparison of different cities. I am guilty of saying this myself, and many others are, that building codes are costing us money. And that if we were to do some revision it would cost less. To my knowledge we don't have yet a good comparative analysis of what portions of what codes cost what money.

Mr. Lindy gave one figure. He thought that with a new code you would save 10 percent on schools. But we all bandy these figures around. I wonder if anybody has any real study of how much money could be saved in building housing if we did this or that to a code.

MR. LINDY: Is this addressed to me?

MRS. SMITH: *You or anybody else.*

MR. LINDY: Well, let's take the typical garden type apartment that would have to be built in Philadelphia under 221(d)(3). Because, as I said before, multistory construction is out the window — there is no tax abatement feature in this state.

The code requires a double entry into the apartment — interior and exterior to the apartment. In my judgment, that adds \$600 a unit.

MRS. SMITH: *Would you repeat the first part of your statement, please, I didn't get it.*

MR. LINDY: Double entry. The tenant has to be able to get out front and back — which, incidentally, is not required by the state in most instances.

Another feature which has long been controversial is that the code requires solid cinderblock walls in Philadelphia, whereas the fire ratings of hollow block backed up with gypsum would be a substantial saving of perhaps \$100 a unit. There are many ramifications of the plumbing code that could be done. Our plumbers tell us that if they could do things as they do in the suburbs we could save a lot of money. I wish I had known this question was going to be asked, because we've done a lot of work on this subject.

MRS. SMITH: *Would it be possible for you to collect this material and send it to the Commission?*

MR. FEINBERG: If you would submit whatever documentation you have, we'd be very appreciative.

MRS. SMITH: *And as specific as possible, because we're having a hard time being specific.*

MR. FEINBERG: Thank you very much. And may I thank each and every one of you for taking the time to come here today. If you have anything else in writing or in documentation, please submit it to us. And again, Mr. Lindy, I want to emphasize what Mrs. Smith has suggested, that you be as informative and meticulous on that information as you can.

MR. LINDY: I'll do my best.

MR. FEINBERG: Before closing, we will now permit anyone who wants to testify to be heard. Is there anyone here who desires to testify? Please identify yourself. Also, if you have anything to submit in writing we'll be glad to accept it.

PUBLIC WITNESSES

Mr. Verman: Why Not Target 1976?

MR. VERMAN: My name is Marvin Verman, I'm an architect and I'm speaking only as an individual. I wish to thank the Commission for the opportunity to present my point of view.

In 1976 this country will celebrate the 200th anniversary of its birth. At that time we shall pay tribute to those men and ideas that make us all proud to be Americans. Nothing will more clearly reveal how true we are to this great heritage than what we are in 1976.

There can, therefore, be no meaningful bicentennial celebration in this country with the magnitude of our urban problems. The incongruity of the situation is obvious and in no way can be rationalized. This Commission then must clearly and forcefully seize the initiative and accept this challenge so fundamental to our country's wellbeing.

All proposals for urgent constructive action on the required massive scale must be geared to a target date of July 4, 1976.

James Reston, astute associate editor of the *New York Times*, wrote on July 6, 1966, "A Date to Remember," on the editorial page of that newspaper. In this fine article he wrote of the American city and 1976, saying:

"Anniversaries, rightly used, are the benchmarks of history." Continuing on 1976 as a target date, he wrote: "It is not beyond the capacity of this vigorous and booming country to transform the Harlems in New York, the Watts in Los Angeles, and the other slums that are now infecting the cities of the country. The Roman Catholic Church has in the last few years given the world an example of what can be done when an institution engages in a serious attempt to analyze and modernize its work in a time of great change."

In this democracy we do what we want to do. We continue to fight in Vietnam at \$3 million per hour. We plan to go to the moon by 1970. We choose to build 41,000 miles of interstate highway at \$26 billion by 1972. But we have not yet chosen to do what has to be done in our urban areas.

This National Commisison on Urban Problems has, therefore, the unique opportunity of setting in motion the forces able to evoke a "Spirit of 1976" which will be in the worthy tradition of 1776, so that all who follow will know you knew what had to be done and you did it.

MR. FEINBERG: Thank you very much, sir. Mr. Lee Datts, Jr. Will you identify yourself, Mr. Datts, as to whom you represent.

Lee Datts, Jr.: Build Well for the Poor

MR. DATTS: I represent the poor. I represent them because you have a lot of people up here talking but none of them can tell you what really needs to be done, because they are not poor. They are not in the category that the poor are in. They deal with the poor on the level that they can obtain financing.

The poor not only need Congress to look at the depths of their needs, they need them to look in the homes, the homes which the landlords call "giving them a place to stay": \$70, \$80, \$90 a month. You talk about building this for the poor, building that for the poor. I heard the man up here estimating prices. Why should you build something cheap? Something cheap is only going to last a little while.

You want something that's going to last a long time. Something the people are going to be proud of. Something the people will keep up. By building something cheap, they will only tear it down. They'll only destroy what you have built.

I ask you to look into the heart of the poor, not into the wealthy and the prosperous. When you look into the heart of the poor you will find that if they are given a chance, if they are given the opportunity to live in decent properties, they will keep them up. To build something cheap is to build something that doesn't even make sense.

It means more juvenile delinquents, more rats, more crumbs. We're not looking for crumbs. We're looking to help ourselves.

We're not looking for you to do everything for us. We're looking to do something for ourselves. You can take this anti-poverty thing and drop it in the lake. It means nothing to us. You have only built up another lawyer, another minister. You have not helped the poor. Until you get one of the poor out of the gutter and let him help his people, you have done nothing.

And you will never do nothing, because as fast as you build they will tear down.

MR. FEINBERG: Thank you very much. Mr. Datts. Mr. Datts, Sr.

Lee Datts, Sr.: Importance of Father in Family

MR. DATTS, SR.: I am Brother Lee Datts, Sr., Vice-President of Laborers Local Union 332. I am directly in contact with building — commercial and housing. I am also a member of the rat-and-roach infested area of 13th and Parrish, and I have my family in a home at 5316 Walton Avenue, which is also a rat-and-roach infested area.

My people are poor people. I speak from the depth of my heart with the understanding that the poor really and truly need help. But the help that they need isn't being given to them properly. First of all, I've heard much talk from the man from New York and about the houses in New York and what exists in Philadelphia. But this isn't the answer.

I asked, some years ago in the early fifties — I was general foreman for Shelby Construction Company when they put up the first mall building which I'm looking at now — about building houses and homes and the various other means of making a community a livable and decent place. I heard much talk about integration and segregation and discrimination and the various other means that are holding the people down.

But the core of the thing is what is needed. I mentioned the rat-and-roach infested homes. I live in one now. I won't move out. I won't. Because I am vice-president of an organization of thousands of men who are working, scrambling and scratching every day to make a living and better conditions so that they can have a decent family and bring them up to be good American citizens.

I want to ask this question. If you took a rat out of the worst dump in Philadelphia and put it on the biggest boulevard in Hollywood, would it change the rat? Would moving the rat from one area to another make the rat a better rat? Isn't the rat a rodent wherever he goes? What is the use of building all the beautiful projects and the highrises when you haven't trained the people? I don't care where you take that rat. A gilded cage will not change him from being a rodent.

If you would help your city and your state and your Nation, you would think about educating the children. And the proper place to begin educating the child is at home. To begin with the home you must first reestablish the American home. Today the American home

is not a home because it is greatly divided by our government. It brings in a separation in the home between the man and the woman.

The man has very little jurisdiction, if any, in the home. He has no control over the children. And when a man does not control his children the children are nothing but rodents. They are the rats. In 1956 and 1944 and 1940 I walked around City Hall and Municipal Court with signs on my back, "REINSTATE FATHERS." A home can never be a home without a father. And a government is never a government unless it has a leader. The father is the leader of his home. The father is the strength of his home.

I ask you how you think you are going to eliminate the present conditions of what you call the ghetto when you don't train the children. Train them to be human beings. They are going to tear down the new buildings. Some of you may remember a statement made by Mayor Samuels some years ago, after he was defeated. They were building the Richard Allen projects, one of the first of its kind in the country.

Mayor Samuels said, "Build that home and put it there and in 10 years they won't be homes any more." Today the *Bulletin*, the *Inquirer*, the *Daily News*, have called that area "The Jungle." And you know that I'm speaking the truth.

I would conclude with this. Why don't we, the American men and women, start thinking along the lines of cultivating and training in the home by making the father really the husband. A mother can never be a husband. And without a husband we'll have no growth.

MR. FEINBERG: Thank you very much, Mr. Datts.

There being no other witnesses we will conclude these proceedings. I want to express on behalf of the Commission and myself our sincere thanks for the hospitality of the City of Philadelphia and for the great cooperation which made our path that much easier.

Senator Douglas, do you have anything to say?

MR. DOUGLAS: I want to thank the members of the Commission and the witnesses and the members of the groups who have sat through the whole series of sessions.

(Adjournment.)

Christy P. Emerson: Further Data on Housing Costs

I was asked to provide a tabulation of construction and rehabilitation costs to demonstrate the difference among the various forms of production experience the Philadelphia Public Housing Authority has had.

I am pleased to submit a summary, Table I, of costs per room for the production of elevator buildings, rowhouses and garden apartments and the rehabilitation of rowhouses. These costs have been adjusted for variations in time of construction.

Because each project was built at a different time, Boeckh's Index of construction costs has been used to advance each set of construction costs to August, 1967. Nonconstruction costs were not adjusted (Table II, page 477).

Because each project was designed for families of different size (i.e., different numbers of rooms per dwelling on the average), two types of tables are presented: one showing raw data per dwelling unit (Table III, page 478), the other a summary comparison of costs per room (Table I, page 477).

The costs seem to indicate that rehabilitation is only two-thirds as expensive as new public housing construction in Philadelphia and less than two-thirds when all other costs are considered. We point out that rehabilitation does not remodel the environment, only the house; but we also point out that a rehabilitation program can be put under development in a matter of months, whereas new construction normally has taken four years to reach the public bidding stage in our Philadelphia public housing program.

Methods, Assumptions and Background

Three types of construction were chosen for comparison:

- A. Elevator (new)
- B. Row and Garden Apartments (new)
- C. Rehabilitation

Only projects which obtained land in the private market *without* public write-down of land costs were chosen. Groups A and B included condemnation. Group C did not.

Three kinds of costs were considered important in the tabulation:

1. Local Housing Authority (LHA) costs associated with the development of a project such as administration interest on loans, planning other than architect's and engineer's drawings, settlement costs, non-dwelling structures (for management) and non-dwelling equipment.
2. Construction/rehabilitation costs—i.e., costs of erecting or improving a shell and its interior.
3. Developments costs inclusive of 2 above but also including architects and engineering fees, land, and site improvements.

Regarding the development costs of rehabilitation, there are several additional factors to consider: there are no major off-site environmental improvements undertaken, no special off-street parking or play areas, no community spaces developed; the purchase price of the vacant shell is included as part of the construction/rehabilitation costs; there are insignificant architectural fees connected with floor plans to convert larger structures to multi-family dwellings; where developers are first buying the shell and then selling the finished product to the Authority there results a small (\$400) series of expenses associated with the extra transfer of land, which is located under miscellaneous development charges as reimbursibles.

Group C is further complicated by the fact that two (Numbers 2 and 3) of the cost examples used are from budgets only. Secondly, the two used house examples are numbered #1 for the 1000 units just concluding and #2 for the expanded program just starting; #3 stands for the expected costs of building new row houses on vacant lots. The reason why the expanded rehabilitation program is apparently less costly in budget than its predecessor is that prices available for properties "as is" (shells) have been cut back sharply. An upward adjustment of \$500 has been made in the cost of construction in this budget (Used Houses #2) because an expected savings in lowered specifications is unlikely to be realized.

TABLE I. — Production Cost Comparison: Elevator Apartments, Row and Garden Apartments, and Rowhouses¹

(Average Costs, Per Room)

	A. ELEVATOR New Construction	B. ROW & GARDEN APTS. New Construction	C. ROW HOUSES Rehab/Const.	C-M. ROW HOUSES ¹ Rehab only
1 — LHA ³ Associated Costs	\$429	\$561	\$131	\$110
2 — Construction/ Rehabilitation Costs	\$3,009	\$3,184	\$2,320	\$2,056
3 — Development Costs including 2 above	\$3,791	\$4,222	\$2,466	\$2,361
4 — Total Costs	\$4,226	\$4,856	\$2,595	\$2,468

Source: Philadelphia Housing Authority, 1967.

Notes: ¹ For explanation of table, back-up data and derivation, see attached Table III and statement entitled "Methods, Assumptions and Background."

² Column C-Modified has been prepared to reflect rehabilitation work only. Column C includes new construction budget available for rowhouses on vacant lots.

³ Local Housing Authority.

TABLE II. — Cost Index Adjustments, Boeckh Index * Increase

Project	From		To		Increase
Holmecrest	7/66	353.7	8/67	382.6 ¹	8.17%
Paschall	7/64	326.6	8/67	382.6	17.14%
Whitehall II	12/63	320.4	8/67	382.6	19.41%
Westpark	6/61	327.1	8/67	413.3 ²	26.35%
Hawthorne Sq.	12/58	310.2	8/67	413.3	33.23%
Mantua	3/59	313.0	8/67	413.3	32.04%
1,000 Used Houses	7/66	353.7	8/67	382.6	8.17%
3,300 Used Houses	2/67	—	8/67	—	\$500
1,700 New Rowhouses	2/67	—	8/67	—	—

* Index used by building industry; base, years 1926-29

¹ Rowhouse Index

² Elevator Index

Allene Yeargin: Submitted Testimony... "Don't Cast Us Aside"

I am a welfare recipient who has six children. I, and the other welfare families, do not approve of you sitting in Congress passing laws on people that are less fortunate and unable to defend themselves, and tell them because of this they cannot be helped. This does not make us less human. We know you do not care or have any heart and feelings for us, but what about the children, white and colored? They did not ask to come here. We, as parents, didn't ask either, but we are here and now you are telling us to put them away somewhere. Have you ever thought of putting your children away somewhere? No, because you nor they know what it is to be hungry, out of doors, no clothes and bare feet.

While you are sending so many millions of dollars overseas, why can't you put just half of this in the United States for the poor? Let's clean our own backyard before we try cleaning our neighbor's.

TABLE III. — Comparison by Costs per Dwelling Unit (DU)

Project: Number Dwelling Units; Room./DU:	A. Elevator Construction			B. Rowhouse & Garden Apartments				C. Rehabilitation		
	1 Westpark 381 4.37	2 Hawthorne 576 4.66	3 Mantua 153 4.38	4 Holmcrest 84 3.42	5 Paschall 223 4.46	6 Whitehall II 69 4.76	7 Used Houses #1 1000 5.96	8 Used Houses #2 3300 5.98	9 New Houses #3 1700 5.74	
<i>L.H.I. Associated Costs</i>										
Overhead	\$ 383/du	\$ 245/du	\$ 224/du	\$ 653/du	\$ 493/du	\$ 523/du	\$ 249	\$ 225	\$ 225	
Interest	502	296	277	295	586	549	199	—	—	
Planning	218	246	375	458	246	324	24	56	109	
Settlements	30	135	63	125	155	275	180	239	611	
Non-Dwelling Structures & Equipment	367	348	369	626	486	50	—	25	25	
Contingency	393	666	623	205	431	445	72	15	17	
Subtotal	1,893	1,936	1,931	2,362	2,397	2,166	724	560	987	
<i>Development Costs</i>										
Construction/Rehabilitation	13,873	13,335	13,117	11,270	15,303	13,445	12,514	12,034	13,156	
Architecture & Engineering										
Fees	383	286	609	720	459	804	—	—	—	
Land	1,471	1,907	1,250	923	1,717	2,217	747	446	667	
Reimbursables	—	—	—	—	—	—	410	335	335	
Site Improvements	1,556	1,372	804	1,570	2,604	2,234	550	550	900	
Equipment	305	305	305	305	305	305	305	305	305	
Subtotal	17,588	17,205	16,085	14,788	20,388	19,005	14,526	13,670	15,363	
Total	19,481/du	19,141/du	18,016/du	17,150/du	22,785/du	21,171/du	15,250/du	14,230/du	16,350/du	

I feel as the other families do, at this attack on us. We will not take it lying down. If we could get decent jobs, we would not want your money. Any time a person loses his self-respect and dignity to beg for help, I think they should get it or something like it.

We are organized and will fight until time will come to better our conditions one way or the other. We will close the schools, and we will give all of our children to you and see how well you can raise them on the little you say we can have.

You all are always hollering about juvenile delinquents and what should be done about them. There is nothing that can be done, when you so-called intelligent and decent people push the little people into this predicament. If you are not going to deal fairly, get out and let someone that will help us and deal with us as human beings and not dirt, because we are poor and asking for help.

Please don't just cast us aside. Help us, that's all we ask is for a little help so we can help ourselves. We aren't old shoes.

Ahlyne Winge: Let People in Ghetto Make Studies

Many of us who have been concerned about getting to the root causes of the urban ills and uncovering the inequities are perturbed about the numerous studies, surveys, hearings and investigations that have been made from time to time. We note that nowhere do we find that any of the above efforts represent an authoritative expression by the segment of people who are direct victims of the urban problems.

We note that studies have been made *of* but none have been made *by* the people who live in the ghetto. Those persons who have defined urban problems and proposed solutions to them are the recognized experts from universities, governmental and private agencies. Granted that their efforts have resulted in valid and in most cases meaningful documents. However, additional fresh, new ideas undoubtedly could be formulated by involving the poor in a financial way to explore the whole gamut of urban problems, thereby making the democratic process meaningful to that segment of the population that feels stifled and isolated from the mainstream of American life.

index

NOTE: Page numbers in bold type indicate definitions of terms. Various Federal housing programs often are referred to by the section number of the law that created them as, for example, 221(d)(3); in this Index, these numbered programs are all listed under "Federal housing legislation."

- A. Philip Randolph Institute 99
Abrams, Charles 120, 124-31, 132, 136, 139, 193, 329, 457
ACTION-Housing 27
ADC mothers 64
Addams, Jane 407
Adult Armchair Education 334
Advisory Commission on Intergovernmental Relations 349
AFL-CIO Executive Council, public service job proposal of 411
Afro-Americans 146, 317
air and water pollution 123, 411
air rights, for housing 93, 142, 143, 227, 253
Akron, Ohio 11
Alaska State Housing Authority 125
Allentown, Pennsylvania 448
Alper, Samuel 395, 420-4, 430-1
Amalgamated Clothing Workers of America, involvement in cooperative housing 151, 171, 184, 313
American Bar Association Committee on Public Registration of Land Use 313
American Federation of Teachers, investment in integrated housing 322
American Friends Service Committee 414, 433
American Indians 322
Anderson, The Rev. William H. 420
anti-poverty program. *See* poverty program
apartheid 324
apprenticeship programs. *See* Federal Apprenticeship Program, labor unions
Appropriations Committees, House and Senate 249
ARCH 20
architects, and community 20, 61-2
Arlington, Texas iv
Asner, Miss Eve 373-81, 463
Association for Middle-Income Housing 168
Association of Black Social Workers 297
Atlanta, Georgia iv
Atomic Energy Commission 14

Bachenheimer, Mrs. Howard 196-9
Bacon, Ed (Edmund) 394
Badillo, Herman 229-34, 238, 250, 271
Baker, David L. 1, 116, 135, 211, 233, 244-6, 316, 342-4, 349
Baltimore, Maryland iv
Baskin, Seymour 3
Battelle Memorial Institute 281
Battista, Vito 257-9
Bedford-Stuyvesant. *See* New York City
Bedford-Stuyvesant Youth in Action Community Corporation 306
below-market interest rate. *See* housing, financing
Benedict, Miss Jane 308-10
Bennett, Arnold 99
Bentley, The Rev. William 395, 401, 419-23
Birmingham, Alabama 16
Black, Hugo, Jr. 1, 19, 62, 84-5, 110, 214, 265, 266, 316, 345-6, 389-90, 436-7, 464-6
black people, blacks 147, 191, 199. *See also* Negroes
Black Power 192, 340, 373
blockbusting 46
Boeckh's Index 476, 477
Bookbinder's, Philadelphia 392-3
Booker, Simeon 11
Boston, Massachusetts 386, 407
Boxer, Mrs. Carew 295-7
Brady, John 87-90
Brennan, Peter J. 279, 280-95, 305
Bridgeport, Connecticut 26
broken families 402, 425
Bronx. *See* New York City

Brooklyn. *See* New York City
 Brooks, Mrs. Catherine 302, 303-5
 Brown, Father Henry J. 43-6
 Brownstein, Philip 436
Buchanan vs. Warley 16
 Bucks County, Pennsylvania 319, 330
 Builders Institute of Westchester and Putnam Counties 250
 building codes, 193, 196, 217, 303, 342, 447, 471-2. *See also* Building Officials Conference of America
 Building and Construction Trades Councils of New York City and New York State 280
 building industry 82-4, 193
 Building Officials Conference of America 326
 Building Trades Council 281, 282
 Building Trades Council of Pittsburgh 88
 building trades unions
 and construction change 283-6
 bias in 99
 cooperative efforts of 280-1
 in central city 260
 See also labor unions, Building Trades Council
 California 272, 325, 334
 Camden, New Jersey 385
 carrot and stick 25-6, 76
 Carter, Leslie 64-6
 catchment communities 8
 central city
 against the suburbs 7-8
 deterioration of 6
 job opportunities needed in 19
 vacant lots for industry 113
 Chicago, Illinois 12, 14, 152, 320, 336, 389
 Chinese-American 334
 church sponsorship of housing 243, 322, 367
 Church of the Brethren 322
 cities, differences in housing, renewal needs 125-6
 citizen participation 45, 54, 85, 135, 341, 386, 415. *See also* community action, community organization, New York City, Metro North
 city land, in streets 227-9
 city planning, importance to low-cost housing 440
 city rebuilding, comparative cost of 162-3
 city-suburb relations
 financing public services 330-2
 public housing 329
 zoning 326-8
 civil rights 17, 366, 367

Civil Rights Act of 1964 13. *See also* Executive Order 11063
 Clark, Joseph S. 353, 392
 Clark, Kenneth B. 11, 108
 class revolt 137
 Cleveland, Ohio 4, 387
 closing costs, for housing 422, 424
 code enforcement. *See* building codes, housing code enforcement
 Colborn, Fern 401-7, 425-6
 Columbia, Maryland 274
 Commission on Community Interrelations of the American Jewish Congress 251
 Commission on Human Rights, San Francisco 45
 Committee for Economic Development 264
 communication, need to improve 401, 420
 Communism 210
 community, definition of 59
 community action 85-7, 114, 169, 298, 301, 303-5, 314. *See also* Action for Progress, Bedford Stuyvesant Youth in Action Community Corporation, Community Association of the East Harlem Triangle, Milbank-Frawley Circle Housing Council, Inc. under New York City
 Community Affairs, Department of, New Jersey 2-4, 20
 Community Church of New York 206-7
 Community Council of Greater New York 295-7
 community development 2, 230-3, 314
 Community Development Corporation 41
 community health centers 366
 community improvement 449
 community leadership, lack of 88
 community organization 335, 379, 403. *See also* community action, citizen participation
 community participation 61, 97, 105, 218-19, 243, 269, 375, 413-14. *See also* citizen participation
 Community Renewal Program, Philadelphia 409, 443
 Community Services, Inc. 174, 204-5
 Community Service Society 177, 181
 Community Teachers Association 94
 Concord Park, Trevose, Pennsylvania 319
 condominiums, housing 33, 49, 72, 135
 Conference on Legal Rights of Tenants 180
 Conklin, William 61-2
 Connecticut 16
 conservation of natural resources 411

- construction, subcontractor training for 446
- Construction Workers in Philadelphia, Local Union No. 332 350, 352
- consumer cooperative movement 389
- consumer education program 92
- consumer income, percentage for shelter 302
- Cooke, M. Todd, Jr. 437, 448-53, 461
- Co-op City, New York 211, 224, 228
- cooperatives, housing
 - advantages of 167
 - as a way of life 153
 - carrying charges 157-8
 - cost of 157, 217
 - criticism of 174-5, 179, 183-6
 - cultural advantages in 172
 - demonstration project, Manhattan 34
 - Federal provisions for 82
 - for middle-income demand 102
 - foundation sponsorship 215, 322
 - from public housing 134, 135, 166, 169
 - full taxing of 171
 - income eligibility limits 170
 - loans for building, purchasing 236
 - low-cost mortgage for 172
 - low delinquency in 313
 - maintenance of 171
 - need for 33
 - percentage for middle-income, New York City 166
 - publicizing of waiting lists 184
 - rehabilitation stimulant 142
 - rentals 211
 - transition to, from renting 72
 - union sponsorship of 151-4, 208
 - ways to build 167-8
- See also* Amalgamated Clothing Workers, Association for Middle-Income Housing, Co-op City, Co-operative Village, United Housing Foundation
- Cooperative Village, New York City 158
- "core" leadership 407
- Council of Economic Advisors 269
- Dark Ghetto, The* 11
- Datts, Lee, Jr. 473-4
- Datts, Lee, Sr. 474-5
- Davis-Bacon Act 83-4
- Davis, Ed 191-2
- Davis, Lewis 1, 62-3, 85, 114-15, 116, 136, 151, 154, 165, 170, 175, 176-7, 186-8, 196-9, 202, 204, 205, 224, 225, 316, 387, 423-4
- day-care programs 175, 253, 427
- Dayton, Ohio 324
- Death and Life of Great American Cities, The* 277
- Deerfield, Illinois 320, 337-8, 342
- DeGrove, John 1, 27, 60, 76-7, 110-11, 187, 215, 266-7, 316, 339-40, 384, 385-6
- Delaware County, Pennsylvania 329, 332
- Delaware Valley Regional Planning Commission 385
- democratic planning, effects of 271, 273
- Demonstration Cities Program 32, 163 231, 247, 263, 270, 276. *See also* Model Cities
- density 16, 123, 138-40, 186, 197, 238 414
- DeSalvio, Louis 144-5
- desegregation of housing 363-4. *See also* racial integration
- design professions, training for 20-1
- Detroit, Michigan 4, 10, 73, 134, 469
- development standards 251, 314, 329, 349. *See also* building codes, land-use controls, zoning
- deviant family 467. *See also* problem family
- Dilworth, Dick (Richardson) 392
- discriminatory demolition 89
- dispersion of ghetto 28-9, 429
- displacement of small businessman 173
- Dolbeare, Mrs. Cushing 354-63, 380-1, 384-6, 389, 390-1, 455
- domestic development bank proposal 409
- Douglas, Paul H. 1, 7, 15, 17-18, 19, 37, 66, 79-80, 109-10, 125, 130, 172-3, 205, 225-9, 249, 261, 271-3, 279, 287, 289-91, 316, 335-7, 341, 353, 379-81, 392-3, 400, 422, 429, 437, 444, 460-3, 475
- Downs, Anthony 1, 5, 28-30, 39, 74, 75
- dry-wall construction 465-6
- Du Brul, Paul A. 314-15
- Easton, Pennsylvania 11
- Eastwick, Pennsylvania 391
- Echols, Alvin E., Jr. 400, 407-14, 424, 427-30
- Economic Development Agency Act 143
- Economic Opportunity Act 333
- Eddy, The Rev. Norman 50-63
- Edel, Harry 183-6
- education
 - decentralization of schools 147-8
 - deficits in 383
 - financing 331-2
 - for ghetto children 92, 312, 420
 - inadequacy in New York City 37-8, 304-5
 - people participation in 94
 - relation to housing, employment 312

urban-suburban compared 330-2
See also schools

Educational Facilities Laboratories 253
 educational parks 365
 Eighty-Ninth Congress 140
 Emerson, Christy P. 384, 437, 443, 445,
 450-53, 460-1, 464, 476-9

employment
 development of 84-5
 government provision for 411, 412
 in ghettos 14
 of minority groups 405
 spread of opportunities 414
See also job opportunities

end money 339

Enger, Mrs. Jane Carey *iv*
 equal opportunity 345, 434

Eskimos 334

esthetic, meaning of 271

evictions 358

Executive Order 11063 18-19, 433

expenditure for rent 407

FHA. *See* Federal Housing Adminis-
 tration

fair housing 9, 29, 323, 325, 366, 414
See also Fair Housing Commission,
 open occupancy, National Commit-
 tee Against Discrimination in Hous-
 ing, Operation Open City

Fair Housing Commission 416

family rehabilitation, cost of 426

Fanon, Franz 56

Farbstein, Rep. Leonard 131, 140-4

Federal Apprenticeship Program 292

Federal Education Act 95, 114

Federal Government 13, 15, 19, 20, 22,
 26, 27, 30, 42, 54, 73-4, 81, 90, 99,
 106, 115, 117, 119, 121, 124, 128-9,
 132, 133-4, 143, 145, 155, 160, 176-7,
 179-80, 181, 196-7, 198, 213 231, 235,
 236, 237, 244, 246, 248, 259, 263, 265,
 266, 267, 268, 270, 274, 281, 285, 301,
 303, 311, 314, 329, 332, 356-60, 364,
 383, 394, 396-7, 398-9, 406, 411, 412,
 418, 432-3, 434, 438-9, 456, 458

Federal Highway Department Act 385

Federal Housing Administration 13, 14,
 17-18, 34, 49, 70, 71, 81, 106, 117,
 126, 133, 160, 240, 243, 248, 261, 278,
 310, 341, 343, 351, 361, 371, 390, 395,
 396, 400, 414, 434-6, 443, 444, 445,
 448-50, 454, 462

Federal housing legislation
 Sec. 101 (Housing and Urban Devel-
 opment Act 1965) **82**
 Sec. 203 (National Housing Act of
 1934) **81, 82**
 Sec. 213 (National Housing Act of
 1934) **82**

Sec. 220 (National Housing Act of
 1934, as amended by Housing and
 Urban Development Act of 1965)
82, 216 337, 341

Sec. 221 (Housing Act of 1949) **389**

Sec. 221(d)(2) (National Housing
 Act of 1934, as amended by Sec.
 101(a), Housing Act of 1961) **450**

Sec. 221(d)(3) (National Housing
 Act of 1934, as amended by Sec.
 101(a)(6), Housing Act of 1961)
22, 44, 52, 53 57, 60, 80, 83, 86,
106, 119, 131, 167-8, 312, 322, 325,
337, 339-40, 341, 352, 362, 367, 401,
443, 444, 445, 465, 471

Sec. 221(h) (National Housing Act of
 1934, as amended by Sec. 310(a),
 Demonstration Cities and Metro-
 politan Development Act of 1966)
394, 395, 397, 421, 451

Sec. 301 (Housing and Urban Devel-
 opment Act of 1965) **1**

Sec. 701 (Housing and Urban Devel-
 opment Act of 1965) **329, 349**

Federal institute of urbanism proposed
 431-3

Federal National Mortgage Association
 49

Federal programs, rigidity of 221-3

Federal rent control, proposed 189-90

Federation of Teachers in New York
 264

Feinberg, Alex 1, 116-18, 135, 220-3,
 246-8, 316, 319, 326, 333, 335, 339,
 341, 348, 350, 351, 353-4, 363, 369,
 373, 378, 381, 391, 392, 400, 407,
 413, 419, 422, 423, 427, 429, 431, 433,
 435-7, 444, 448, 453, 460, 464, 472-
 4, 475

Feinstein, Harry 182-3

Finley, Father William 420

fiscal zoning. *See* zoning

Fitzhugh, Gilbert 398, 399

Fogarty, James W. 295

Foulk, Edwin 431

Ford Foundation 253, 363

Ford, Henry 399

Ford Motor Company 8

Fordham University 213, 221

Fort Tilden, as housing resource 213

Fort Totten, as housing resource 213

Fort Worth-Dallas *iv*

Foundation for Cooperative Housing
 168

Fourteenth Amendment 16, 26

Fraser, Rep. Donald 323

Freedom Budget for All Americans
 121-2, 123, 131, 137, 266, 274, 347,
 410

Freeman, Andrew 354, 363-9, 381

Friedman, Milton 268

- Fromm, Erich 275
 Front, Rabbi Henri 420
 functional illiterates 383
- Gabel, Mrs. Hortense 3, 238
 Galbraith, John Kenneth 264
 Garcia, Sen. Robert 226-7
 Geddes, Dean 20
 Germantown, Pennsylvania 323
 Germantown Settlement, Philadelphia 407, 444
 ghetto, ghettos 1, 5-8, 10, 12, 13, 16, 17, 19-20, 21-3, 24, 26, 31-2, 35, 64, 69-70, 72, 73-4, 76, 77, 79, 80, 84, 85, 86, 94-5, 105, 117, 123, 138, 142, 145, 158-9, 165, 170, 175, 178, 190, 191, 202, 209, 224-5, 232, 233, 256, 274, 281, 288, 296, 300, 301, 306, 312, 314, 316, 318, 319, 323-4, 326, 364-5, 366, 367-9, 381, 382, 408, 409, 411, 413-14, 429, 454, 475, 479
 ghetto income 68
 ghetto ownership of business 96
 Gilbard, Bernard 186-9
 Ginsberg, Mitchell 38, 39, 175
 Glencoe, Illinois 337
 Glover Park, Washington, D.C. 321
 Gordon, Ruben 254-6
 government-private enterprise partnership 268
 government red tape 294, 406
 grants-in-aid, as leverage for planning 77
 Graunke, Raymond 312-13
 Great Society 210, 297
 Greenburgh, New York 11
 Greenleigh Associates 11
 Greenwich, Connecticut 26
 guaranteed income 123, 142, 267, 359, 411-12
- HARYOU. *See* Harlem Youth Agency
 HEW. *See* U.S. Department of Health, Education, and Welfare
 HHFA. *See* Housing and Home Finance Agency
 HUD. *See* U.S. Department of Housing and Urban Development
 Habitat 40
 Hackensack Meadows, New Jersey 2
 halfway house, for rural migrants 165
 Hardy, Neal 237, 238-42, 243, 247-9, 250
 Harlan, Judith 189-91
 Harlem 11, 16, 20, 24, 36, 93, 96, 98, 101, 104, 122, 138, 139, 145, 146, 191, 201, 213, 221, 223, 263, 301, 307. *See also* Harlem Youth Agency
 Harlem River Parkway Community 97
 Harlem Youth Agency 92, 145, 191, 199
 Harrington, Michael 138, 260-75, 325
- Harris poll, on ghetto problems 324
 Harvard University 324
 Harvey, James 433-6
 Head Start program 254
 health services, for ghetto 366
 Heiskell, Andy (Andrew) 399
 Helstein, Ralph 275
 highway displacements 14, 409, 418
 homebuilders, problems of 443-6
 Home Builders Association of Philadelphia 442, 449
 home-improvement industry 396
 home management corporations, legislative proposal for 72
 homeownership 33-4, 48-50, 72, 116-17, 132-4, 151, 194, 247, 360-1, 370-1, 373, 382, 387-90, 395, 397, 419, 420-3, 429-31, 447, 449, 451
 homogeneity, in community development 18
 Horne, Frank 24
- housing
 abandoned forts for 213
 adequate rather than integrated 305
 administration, of low-income 81
 and civil rights 8-9
 and urban renewal, in New Jersey
 Department of Community Affairs 2
 as means to an end 369, 414
 as public utility 189
 citizen participation in 354
 comprehensive planning for 193
 construction cost, New York City 207
 construction subsidy desirable 451
 costs
 building code effect on 471-2
 private and public 93, 476-9
 low- and highrise 462-3
 discrimination in 10-11, 30, 139, 355, 366, 433-5
 Federal laws, needed changes in 311-12
 financing
 below-market interest rate 194
 capital grants for 134, 170, 358, 412
 direct loans for 102, 103, 359
 low-interest loans to builders 71
 See also closing costs, Federal housing legislation, mortgage financing
 for urban elderly 92, 295-7
 foreclosure market 17
 gap for low-income families 355
 goals and public services 129-30, 353, 354-8
 government aid essential in New York City 230
 importance of private investment 4, 250, 443
 improvement costs 193

income-expenditure ratio for 389
 integration 25-6, 28, 45, 46, 47, 272-
 3, 278, 379-26, 335-9, 343, 365, 471
 integration, in suburbs 381
 lease-purchase proposal 397-8
 limited-dividend 156
 limited-profit 166, 242, 440, 463
 location on vacant land 109-10, 223
 low- and middle-income 20, 23, 68,
 105, 143, 153, 166, 168, 216, 414
 low-cost 14, 15, 72-3, 236, 245, 253,
 261, 314, 346, 428. *See also* low-rent
 low-income 14, 17, 30, 32, 34, 71, 72,
 75, 76-7, 142, 190, 231, 232, 236,
 237, 251, 309, 394, 397, 410, 411,
 414, 443. *See also* low-rent
 low-density 269
 low-rent 118, 178, 439
 maintaining existing supply of 37,
 194
 maintenance best with homeowner-
 ship 370
 management, key to integrating 320-
 1
 mass production of 40
 middle-income 3, 53, 92, 102, 117,
 119, 231, 247, 406. *See also* low-
 and middle-income
 moderate-priced 22
 need in Philadelphia SMSA 357
 new technology 103, 281
 prefabricated. *See* new technology
 problem more than houses 32, 127
 programs too limited 401
 rental costs, Philadelphia 356
 self-help 318-19
 Strykers Bay Neighborhood Council
 43
 Stuyvesant Town 212
 subsidies 117, 119, 217, 357, 362, 389
 suburban sharing of problem 381
 targets of Urban League 366
 union investment in 351, 463
See also air rights, church sponsor-
 ship, condominiums, cooperatives,
 fair housing, large-family, Mit-
 chell-Lama, nonprofit sponsorship
 of housing, people's investment
 program, Philadelphia housing,
 public housing, rehabilitation of
 housing, rent supplement, repos-
 sessed housing
 Housing Act of 1949 108, 277, 413
 Housing Act of 1965 iii, iv, 18, 49, 170
 Housing Assistance Agency 402, 438
 housing codes
 updating in New Jersey 3
 subsidy geared to minimum 385
 housing code enforcement 2, 36-7, 104,
 118, 180-2, 237, 248, 308, 362, 415
 Housing and Home Finance Agency 18

Houston, Texas iv, 133, 222
 Hughes, Gov. Richard J. 5, 409
 Huxley, Thomas 163
 Hyde Park-Kenwood, Chicago, as inte-
 grated community 336
 ILGWU. *See* International Ladies Gar-
 ment Workers Union
 Illinois 321
 incentives for change 25. *See also* car-
 rot and stick
 incomes, New York City 309
 Indian 405
 industrial park concept 307
 industry, location of 164
 inner city new town, need for 22
 insurance companies, investment in
 housing 212, 398
 insurance coverage in ghetto 72-4, 409
 integration. *See* housing
 interest-financing subsidy 119
 Interfaith-Interracial Council of Clergy
 395. *See also* Bentley, The Rev. Wil-
 liam
 internal migration 7-8
 International Association of Chiefs of
 Police 255
 International Brotherhood of Electrical
 Workers 157
 International Ladies Garment Work-
 ers Union 157, 174
 Jacobs, Jane 269, 271, 277
 Javits, Sen. Jacob 409
Jet magazine 11
 Jews 192, 322
 Job Corps Program 298
 job distribution changes 21
 Job Opportunities Bill 84
 job opportunities, for ghetto residents
 10, 19-20, 112, 123, 279, 282-3, 365,
 422
 job opportunity, for self-respect 306-7
 jobs, importance of, for housing 75
 job training 90, 162, 175-7, 204, 348,
 383-4, 451. *See also* manpower, Phil-
 adelphia on-the-job training, U.S.
 Department of Labor's Bureau of
 Apprenticeship and Training
 Johnson Administration 11
 Johnson, Arnold 145-50
 Johnson, Jeh V. 2, 7, 31, 35, 36, 38, 41,
 43, 46, 63, 66, 74, 86, 90, 92, 94,
 95, 96, 99, 118, 120, 131, 218-19, 316,
 382, 429, 431, 468-9, 470-1
 Johnson, President Lyndon B. iii, 1,
 14, 21, 24, 267, 272, 276
 Joint Committee on Minority Housing,
 Philadelphia 363, 381

juvenile delinquency, low in housing
cooperatives 172-3

Kazan, Abraham 184, 208

Keenan, Ed. 399

Kelly, Congresswoman Edna 233, 234-
8, 244-7, 249-50

Kennedy, President John F. 19

Kennedy, Sen. Robert F. 12, 19, 66, 75-
85, 99, 215, 236, 262, 274, 409

Keyserling, Leon 267

King, William 94-6

Koch, Councilman Edward 175-7

Kraft, John F., Inc. 11

labor unions

and building construction changes
283-6

and guaranteed employment 287, 293

and minority groups 88-9, 281-3

and racial discrimination 27, 281-3,
322

and rehabilitation 83, 446

apprentice pay rates 465

apprentices chosen by aptitude tests
292

apprentices in construction trades
291-2, 332, 424

cooperative efforts of 280-1

effect of prefabrication 284-6

pension programs 293

research and development proposal
to 283-4

wages for semi-skilled labor 290

See also building trades unions

land banks 264-5, 314, 374

Land Bank and Central Property Serv-
ice, Philadelphia 450, 451

land purchase for new towns 165

land-use controls 313-14

land-use patterns, need for revision of
164

large-family housing 89, 111, 178, 311

large-lot zoning. *See* zoning

law enforcement 255

Lec, Mayor Richard 220

Lemberg Center for Study of Violence,
report by 10

Liblit, Jerome 151, 165-70

Lichter, Franz 308

Lieberman, Joseph 313

Life magazine 254, 255

limited-dividend housing. *See* housing

Lindsay, Mayor John 100-20, 130, 182,
246, 262, 380

Lindy, Alan 437, 442-8, 449, 452, 455,
458, 465-6, 471-2

linear city 196

Little, Mrs. Mary 41-3

Lipscomb, Alice 415-19, 427-9

local government

concerns of officials in 432

municipal administrator post in New
Jersey Department of Community
Affairs 25

overhaul needed 264

Logue, Ed (Edward) 407

Lopez, Reginald 350-1, 352-3

Los Angeles, California iv, 20, 127, 227

Loshbough, Bernard 3

Louisville, Kentucky 11, 12, 16

Low, Robert A. 39-41

low-income families 15, 134, 193, 194,
237, 261, 332, 350, 355, 357-9, 361,

396, 397, 407, 409, 413, 426, 437

low-income minority families 166

low- and low-middle income families
449, 453

Lustig, Morton 317, 326-33, 336, 342,
343, 347-50, 362, 382, 385

Lyons, John 1, 270, 281, 284, 285

McLaughlin, Pat 394, 395

MEND. *See* Massive Economic Neigh-
borhood Development, Inc.

M-REIT. *See* Mutual Real Estate In-
vestment Trust

manpower program

comprehensive scope needed 91-2

coordination in New Jersey 2

manpower training

deficiencies in 298-9

for urban design 20-1

in New York City 112-14

subsidy needed 84-5

through Opportunities Industrializa-
tion Center 333-4

See also job training

Maremont Foundation of Chicago 54

Marshall Field Foundation 322

Marshall Plan, as guide for urban aid
263-5

Martin, Donald D. 313

Mason, Norman 17

Massen, Mrs. Marion iv

Massive Economic Neighborhood De-
velopment, Inc. 54, 59, 60, 90

Mayer, Albert 135

Meaney, George 399

Medicaid 114, 115

Meltzer, Lewis 202-5

mental renewal 46-8

metropolitan area 251, 252, 264, 314,
328, 355

Metropolitan Council on Housing 309
metropolitan housing plan, for Phila-
delphia 361, 386

Metropolitan Life Insurance Company,
investment in housing 212

Mexican, Mexican-American 67, 76,
322, 334, 405

Miami, Florida iv

- middle-income families 166, 179, 467, 468, 471
- Milgram, Morris 317, 319-20, 335-8, 340, 341-3, 346-8, 381
- Miller, Mrs. Diane 97-9
- Miller, James H. 302, 306-7
- Milwaukee, Wisconsin 10-12, 469
- minority families, groups 9, 159, 169, 258, 283, 289, 291, 292, 300, 317, 372, 402
- minority housing program, Philadelphia 363-4
- minority leadership 88
- Missouri 103
- Mitchell-Lama housing 3, 44, 102, 117, 119
- mobile housing 128
- Mobilization for Youth Program 141
- model city 270-2
- Model Cities Program 24, 33, 69, 70, 76, 87, 104, 106, 114, 163, 207, 231, 256, 265, 272, 276, 296, 297, 306, 311, 333, 367, 406, 429
- moderate-income families 68, 463
- Modern Community Developers 320
- Mondale, Sen. Walter F. 426
- Montgomery, Dorothy S. 326
- Montreal, Canada 40
- Morris, Eugene J. 313-14
- Morris, Newbold 226
- Morrison, James 253-4
- mortgages
 - insurance through insurance companies 318
 - local insurance needed 448
 - low-cost financing 159-60
 - low-interest, long-term mortgages 236
 - 100 percent 423
 - See also* closing costs, housing, financing
- mortgage investment industry, role in cities 343
- Moses, Robert 201-11, 214-29, 248, 250, 266, 378, 462
- Moynihan, Daniel P. 403
- Mutual Real Estate Investment Trust 321, 326
- NAACP. *See* National Association for Advancement of Colored People
- NCDH. *See* National Committee Against Discrimination in Housing
- Nassau County, New York 22-3
- Nathan, Jason 101, 109-10, 118-19, 311-12
- National Association for Advancement of Colored People 15, 17
- National Association for the State of Negro Life History 94
- National Board of Fire Underwriters Code 326
- National Commission on Urban Problems iii, 1, 8, 40, 64, 135-6, 143, 192, 211, 237, 274, 275, 307, 314, 343, 347, 349, 353, 366, 410, 432
- National Committee Against Discrimination in Housing 7, 8, 12, 14, 18, 19, 24
- National Committee on Tithing in Investment 323
- National Federation of Settlements and Neighborhood Centers 401
- national goals and priorities, need for establishing 410
- national housing task force proposed 93
- National League of Cities 393
- national poverty standard 359
- National Recreation and Parks Association 378
- Negro, Negroes 5, 6, 7, 8, 9, 10, 13, 15, 18, 20, 26, 27-8, 30, 35, 49, 67, 73, 76, 87, 106, 122, 124, 125, 126, 127, 130, 133, 134, 136, 137, 139, 154, 159, 169, 184, 195, 196, 204, 206, 212, 252, 260, 262, 268, 272, 273, 287, 298, 299, 300, 313, 318-19, 320, 322-6, 332, 335-8, 343, 345, 346, 349, 350, 364-5, 366, 368-9, 370, 371, 381, 383, 386, 402, 414, 417, 419, 468-9
- Negro families 45, 47, 121, 403
- Negro migration from South 344-6
- Negro owners 370-1
- neighborhood
 - centers 407
 - conservation 103-4
 - concept 406-7
 - government 264
 - in human scale 90
 - planning 111, 447
 - upgrading 446
- Neighborhood Youth Corps 112
- New Canaan, Connecticut 13
- new careers for the poor 299
- new cities, new towns 21-2, 274, 301, 414, 429
- new communities 391
- New Haven, Connecticut iv, 10-12, 26, 56, 73, 220, 324
- New Jersey, 2, 5, 20, 25, 27, 30, 103, 190, 349
- New Jersey Department of Community Affairs 2-4
- New Rochelle, New York 251
- New Towns Foundation, proposal for 325
- New York City
 - abandoned buildings in 381, 387
 - Action for Progress 314
 - air rights over new school buildings 253

- as special case in housing 119-20, 135, 311-12, 389
- Bedford-Stuyvesant 16, 24, 78, 83, 84, 122, 207, 237, 240, 254, 276, 277, 301, 306, 307
- Bellevue South Urban Renewal Area 196-8
- blight in 187
- Bronx 156, 158, 159, 171-2, 187, 207, 211, 229, 303-5
- Brooklyn 234, 240, 246, 276, 306
- Brownsville 187, 207, 276
- building material changes in 280-1, 284
- capital grants for housing 170
- Central Harlem Community Corporation 97
- code enforcement in 248-9, 308
- Community Association of East Harlem Triangle 63-4
- Community Church 206-7
- Community Development Corporation 41
- community development proposal 229-33
- community participation in planning 105
- community participation in renewal process 218
- cooperative housing in 152, 156-8, 166
- Cooperative Village 158
- Corona-East Elmhurst 207
- day care centers 175
- Delano Village 216
- difficulty with rent supplement program 241
- East Harlem 91-2, 103, 135, 143, 207, 239. *See also* Palmer, Beulah
- East Harlem Triangle 105, 239
- East New York 187, 207, 276, 300, 301
- education in ghettos 93-4
- education of minorities 147
- employment in building trades 291
- flight of business 173-4, 235
- HARYOU Neighborhood Board 92
- highrise, lowrise housing cost comparisons 462-3
- homeownership possibility for Negro 134-5
- housing developments
 - Abraham Lincoln Project 97
 - Bruckner Boulevard 469
 - East River Housing 184, 185, 258
 - First Houses 227
 - Grant Houses 470
 - Hillman Homes 228
 - Kips Bay 216
 - Lenox Terrace 216
 - Lefrak City 464
 - Parkway Village 212
- See also* New York City Housing Authority
 - housing and planning in 437-42, 462-4, 466-70
 - housing construction costs 40
 - housing for minority families in 9
 - housing subsidy need 117
 - Human Resources Administration 107, 113
 - increase in unsound housing 68
 - industrial zoning in 77
 - Jamaica 16, 207
 - Lincoln Center 213, 221
 - low- and middle-income housing need 168
 - Lower East Side 141, 154, 158, 192-3, 314, 388
 - Lower Manhattan 269
 - majority rental housing 102-3
 - Metro North, East Harlem Neighborhood effort 50-8, 61-3
 - Metropolitan Council on Housing 309
 - Millbank-Frawley Circle Housing Council, Inc. 86-9
 - Mobilization for Youth 192
 - Model Cities Program 104
 - Morningside Gardens 469-70
 - Morris Park Senior Citizens' Housing Council 92
 - Morrisania 207
 - need for more Federal aid in housing 194
 - nonprofit housing sponsors 243
 - old-law tenements in 230, 388
 - overcrowding in 195-6
 - policing of ghettos 202
 - political support for housing 279
 - public housing in 110-11
 - public housing rents 110, 384
 - public housing, success of 438-42
 - quality of city living 196-8
 - Queens 212
 - racial integration in housing 469-70
 - rehabilitation in 238-40, 243, 248, Rent and Rehabilitation Administration 237
 - rent control 190, 257-9, 302-3
 - 60th Assembly District 144
 - 61st Assembly District 189
 - South Bronx 104, 207, 256
 - South Harlem 16
 - taxation 107, 244-6, 257-8
 - ten-year slum clearance program 206-9, 210-11
 - Triborough Authority 214
 - Twin Pines 224
 - Upper Park Avenue 240
 - use of renewal land 216, 219, 220-1
 - vacant lots, air rights, for building 226-8, 247, 310

- vertical city in housing 221
- Washington Market 213
- welfare expenditure 115
- West Harlem 143
- West 114th Street Project 94, 103, 238-42
- West Side urban renewal 41-4, 103-4, 231
- Williamsburgh Houses 134
 - zoning resolution in 178
- New York Building Congress 281
- New York City Housing Authority 51, 93, 118, 178-9, 310, 438-42, 467
- New York City Instruction Fund 253
- New York Life Insurance Company, housing investment 212
- New York State
 - financing of housing 158, 159
 - limited profit housing law 102
 - rent abatement law 180
 - tax revenues, taxation 244-6
- Newark, New Jersey 3, 10, 11, 73, 187, 386-7
- Newsday* 206
- nonprofit sponsorship of housing 181, 239-41, 242-3, 297, 367, 373, 374, 399, 444, 448-50
- North Central Philadelphia. *See* Philadelphia
- North Philadelphia. *See* Philadelphia
- Norwalk, Connecticut 26
- OEO. *See* Office of Economic Opportunity
- OIC. *See* Opportunities Industrialization Center
- O'Connell, Thomas J. 313
- Office of Economic Opportunity 2, 9, 60, 71, 103, 334, 345, 402
- Older Americans Act 402
- O'Neill, Richard W. 1, 7, 24, 26, 35, 60, 77-8, 205, 211, 215, 225, 229, 233, 234, 237, 242, 250, 251, 253, 254, 255, 257, 259, 260, 265, 274, 275, 279, 295, 297, 299, 301, 303, 305, 307, 308, 311, 316, 386, 340-1
- on-site sewage disposal 50
- open housing 47, 323, 326. *See also* fair housing, National Committee Against Discrimination in Housing, open occupancy, Operation Open City Program
- open occupancy 11, 23, 28-30, 45, 272, 364. *See also* fair housing, National Committee Against Discrimination in Housing, open housing, Operation Open City Program
- open space 196, 252, 374
- Operation Open City Program 9
- Opportunities Industrialization Center 333-5, 339, 344-5, 348, 365
- Oriental 322
- Ostroff, Harold 151, 152, 154-65, 171, 175, 186, 204
- Other America, The* 138, 260, 271
- Outward Association for Local Pioneer Assistance 300
- overcrowding 139, 306
- Palmer, Mrs. Beulah 63-4
- park construction 214
- Penn-Jersey Transportation Study 385
- Pennsylvania 329, 334, 337
- pension fund, resource for housing investment 351
- people participation, in neighborhood planning 58. *See also* citizen participation, community action, community organization
- people's investment program 340
- Percy, Sen. Charles 12, 133, 262
- Perry, Joseph Sam 337
- Philadelphia
 - Anti-Poverty Action Committee 449
 - Board of Education 365
 - building code requirements 471-2
 - Citizens' Council on City Planning 431
 - City Council 449
 - community involvement 381-2
 - Community Renewal Program 330-1, 356
 - condition of housing 125, 406, 409
 - Department of Licenses and Inspection 373-4, 420
 - Eastwick 391
 - Employment Development Corporation 364
 - esthetic planning in 271
 - ghetto programs in 364
 - Hawthorne Community Council 415
 - health services in 366
 - horizontal living 133, 221
 - Housing Association 354-63
 - housing discrimination in 317
 - housing expenditure-income ratio 389-90
 - housing in 352-3, 354-9
 - housing subsidy need 360-1
 - Human Relations Commission 343
 - Neighborhood Park Program 373
 - North Central Philadelphia 408, 409
 - North City Congress 408
 - North Philadelphia 352, 364, 366, 449, 450, 459
 - on-the-job training 364
 - open occupancy campaign 11
 - program review by mayor 393-400
 - public housing rents in 384
 - race and housing in 323-4, 335
 - regional planning 385-6
 - residential density in ghettos 414

- Savings Fund Society 448
- schools 330-2
- slums in 417-19
- South Philadelphia 454, 462
- subsidy need for housing 358, 427-9
- 221(d)(3) housing in 339-40, 352, 444, 471-2
- United Neighbors Association 415
- Used-House Program 445
- vest-pocket park program 374-8
- West Philadelphia 391, 453
- Zion Gardens 319
- See also* Philadelphia Housing Authority, Philadelphia Housing Development Corporation
- Philadelphia Housing Authority 376, 385, 394, 396, 397, 437, 445, 450, 453-61, 462, 476-9
- Philadelphia Housing Development Corporation 364, 376, 428-9, 437, 444, 448-53, 459, 462
- Philadelphia metropolitan area, and zoning for housing 326-7
- Philadelphia Redevelopment Authority 415, 417, 454, 459
- Philadelphia Standard Metropolitan Area 356
- Pittsburgh iv, 4, 27, 320, 330
- Plainfield, New Jersey 3, 10
- Planned Communities, Inc. 320. *See also* Mutual Real Estate Investment Trust
- Planners for Equal Opportunity 300
- planning
 - areawide 77, 265
 - county 328
 - criticism of 144
 - Delaware Valley Regional Planning Commission 385
 - democratic planning 271, 273
 - domination of business values 270
 - physical, under State Department of Community Affairs in New Jersey 2
- planned neighborhood concept 242
- police training, for dropouts 113
- poor 5-6, 13, 133, 141, 142, 158, 169, 252, 264, 270, 301, 314, 336, 342, 350, 352, 389, 391, 407, 412, 414, 473, 474, 479
- Port of New York Authority 177, 307
- Potofsky, Jacob F. 151-4, 172, 208, 224
- poverty 182, 251, 256, 273, 306, 411, 412
- poverty experts 95
- poverty program 2, 8, 85, 96, 114, 121, 141, 192-3, 201, 236, 259, 261, 266, 271, 301, 305, 307, 364, 368
- Prempeh, Alex 92-4
- preschool programs 253
- Princeton, New Jersey 320
- private enterprise
 - incentive for ghetto investment 36, 80, 236, 368
 - investment in housing 71, 88, 232, 258, 294, 302, 399
 - involvement in job training 113, 177
 - See also* private sector
- private housing market 355
- private sector 116, 261, 262, 263, 266, 268-70
- problem families 403, 467
- profit incentive 182
- Providence, Rhode Island 337, 341
- public design 271
- public housing
 - admission limits compared with rent supplement 241
 - and racial integration 441, 470
 - as public utility 309, 310
 - broken families in 425, 427
 - civic participation 467
 - construction costs 93, 476-8
 - continued occupancy 179
 - cost ceilings 111, 119-20, 178, 230, 311
 - cost of rehabilitated 397, 460-1, 476-8
 - criticism of 97-8, 198, 385
 - deficiencies of 455-6
 - expansion to suburbs 329
 - experimental, in New York City 53
 - for suburbs 382
 - for welfare recipients' ownership 64
 - function of program 347-8
 - improvement 466-8
 - income limits 177
 - in New York City 106, 118, 437-42
 - integration in 468
 - leased housing 44, 110
 - limitation in size 110
 - local application office 454
 - location of 441
 - maintenance of 438
 - management services 467
 - need for good design 33
 - need in New York City 301
 - need to increase in suburbs 326
 - new concept for 277-8, 367
 - only answer to shelter problems of poor 314
 - operating costs 462, 464-5
 - operating cost of highrise, rehab 464
 - problem families in 403, 457
 - public relations 440, 458-9
 - referendums on 272
 - rent subsidies for 428
 - rents, in New York City 110, 384
 - rents, in Philadelphia 356, 384
 - sales arrangement 394
 - site assembly 459
 - size limitation 110

- social services 190, 440
- state authority to build 330
- third generation in 38
- turnkey **93**, 385, 440, 443
- turnover to homeownership 134, 166
- used-house program 445
- vest-pocket housing 44, 92, 104, 105, 109, 226, 232, 237, 254, 460, 462
- waiting list, Philadelphia 409
- Public Housing Administration 76
- public services, in poor neighborhoods 405
- Puerto Rican, Puerto Ricans 6, 7, 67, 76, 87, 92, 121, 124, 141, 147, 169, 184, 192, 196, 204, 299, 322, 370, 373, 403, 405
- Puerto Rican and Hispanic Human and Community Development Foundation of East Harlem 90
- Pulaski, Tennessee 11
- racial discrimination 235, 252, 317, 410, 411, 414. *See also* zoning, racially restrictive
- racial integration 18, 179, 325, 441
- racial segregation 11, 13, 336, 355, 365
- racial segregation, effect of FHA policy 18, 270
- Randolph, A. Philip 399
- Ravitch, Richard I, 7, 22-4, 35, 44, 59-60, 83, 84, 109, 120, 125, 130, 140, 144, 145, 148, 149, 150, 215-18, 242-3, 267-9, 291-2
- Reach, Mrs. Barbara 177-82
- Real Estate Board of New York 302
- receivership law, in New York City 308
- reconversion of war spending, as resource for urban problem-solving 131
- recreation space 196-7, 214
- "red lining" 51
- regional attack on urban problems 251, 264
- regional housing development 361
- regional transportation development 414
- rehabilitation of housing
 - advantage in Philadelphia 399
 - and labor unions 27
 - and tax abatement 203
 - as source for Negro employment 99
 - cost of 450-1, 453, 476-8
 - cost under U.S. Gypsum project 52
 - demonstration project in New York City 34
 - for lower middle-income families 449
 - foundation interest in 238, 242
 - illusion of 263
 - in New York City 83, 104
 - in New York Model Cities Program 207
 - in Philadelphia 421-4
 - instant (rehab) possibilities in Philadelphia 103
 - job training for ghetto youth 425
 - labor 424, 465
 - New Jersey plan 4
 - of New York City brownstones 44, 104
 - of tenements 189, 248
 - one billion needed for 301
 - 114th Street, New York City 238-41
 - potential in Brooklyn 246
 - private enterprise involvement in Philadelphia 458
 - self-ownership the key 142
 - soundness of 396
 - with direct mortgage loans 103
- Rehabilitation Grant Program 120, 311
- Rehabilitation Loan Program 311
- relocation
 - business 72, 173-4
 - caused by highway building 418
 - costs 208
 - problem in New York City 232
 - under New Jersey Department of Community Development 3
- rent control 189, 257-9, 302-3, 314, 416
- rent security deposits, subsidy to landlords 190, 315
- rent subsidies 231, 276, 427-8
- rent supplement 3-4, 44, 69, **93**, 170, 178, 181, 194, 241, 272, 296, 310, 312, 330, 340, 362, 367, 382, 398, 428, 444, 460
- Rent Supplement Bill 57
- Rent Supplement Law 52-3
- repossessed FHA, VA aided homes, as low-income housing 14, 70, 310
- repossessed housing and racial segregation 434
- resident ownership of slum tenements 387-8
- residential patterns, controlled by site selection for housing 29
- Reston, Virginia 274
- restrictive covenants 18
- Reuther, Walter 264, 399
- Ribicoff, Sen. Abraham 263, 266, 270
- Ribicoff Committee 5, 261, 269
- Riis, Jacob 68
- Riis Houses 464
- riot, riots 77, 108, 131, 134, 136, 137, 199, 206, 261, 351, 387, 410, 419
- Roanoke, Virginia 334
- Rochdale Village 153, 156, 158, 159, 469
- Rochester, New York 12
- Rockefeller, David 123, 261, 269
- Rockland County, New York 33
- Rosemary Village, Silver Spring, Maryland 321

- Rubinow, Raymond 307-8
 Rustin, Bayard 10, 120-4, 131-2, 136, 138-40, 143, 266, 347
 Rybeck, Walter iv
- Sabater, Julio E. 90-2
 St. Louis, Missouri 395
 St. Xavier College, Chicago, investment in housing 322
 San Francisco, California iv, 16
 savings banks, investment in housing 212
 Scheuer, James P. 36-9
 schools, joint occupancy with housing 253-4
 Schwartz, Harry 192-4
 Scott, Michael 46-8
 "Second America" 266-7
 Secretary of Housing and Urban Development iii
 seed money, needed for 221(d)(3) projects 339
 Seidel, Leon 173-5, 205
 self-help program of new housing and rehabilitation 318
 self-ownership of tenements 142
 self-rehabilitation 348
 Senate Bill 2088 (Urban Employment Opportunities Development Act) 69, 77, 85
 Senate Bill 2100 (housing bill) 70, 77, 85
Senior v. Zoning Commission 13
 sense of community 463
 settlement houses 407
 Shanker, Albert 264
 Shriver, Sargent 334
 Shuman, Howard E. iv, 181, 204-5, 316, 422, 423, 466
 Shuman, Labron 351-2
 Silcott, George 297-9
 Simmons, George 199-202
 Siracusa, Walter 250-1
 slums
 deficits of 67-8
 elimination a "must" 206
 good business for slum landlords 416, 428, 443-4
 how to help slumlords rehabilitate 202-4
 not profitable investment for private sector 260, 261
 slum clearance
 jobs from 208
 nationwide cost 209
 slum elimination-housing program for New York 207-9
 slum improvement, promise without delivery 105
 slum ownership 373
 slumlord 315, 443
 slum properties, decrease in 387-8
 slum rehabilitation incentive possibilities 386-7
 small businesses 85, 90
 Small Business Development Corporation of the City of New York 145
 Smart, Walter 407
 Smith, Mrs. Choethiel Woodard 1, 20-1, 61, 82-3, 137-9, 223-4, 271, 283-4, 286, 316, 346, 390-1, 424, 471-2
 Smith, Mrs. Irene 97
 social and esthetic values, planning for 270
 social factors, hurdle to success of Model Cities 89
 social planning, necessity for 122, 132
 social segregation 7
 social services and housing 400-7
 Southern Chamber of Commerce 345
 Spanish-American 334
 Stamford, Connecticut 26
 Stark, Abe 275-8, 279
 Starr-King School for the Ministry, investment in housing 322
 Starr, Roger 437-42, 458, 462, 466, 468-9, 470-1
 state involvement in urban problems 4
 state public housing authorities, need for development of 414
 Stern, Dr. George 187
 Sternlieb, Dr. George 354, 369-73, 385, 386-8
 Stolloff, David 250, 251-3
 subdivision ordinance, exclusionary use of 326, 343
 subsidized interest rates 312-13
 subsidy, for homeownership 358-9, 389-90
 substandard housing 68, 355, 356, 362, 408, 412-13
 suburbanization of commerce and industry, trend toward 19
 suburbs
 barriers to Negro move-in 335
 division within 77
 local autonomy on taxes 251-2
 location of industry, jobs 13-15, 414
 need to increase public housing in 329
 Sullivan, Congresswoman 394-5
 Sullivan, Dr. Leon 317-19, 322, 326, 333-5, 336, 338-41, 344, 347-8
 Sutton, Percy 31-6, 175, 230
 Swarthmore, Pennsylvania 343
 Syracuse, New York 10
 systems approach 131
- Taft-Hartley Law 282
 Taft, Sen. Robert 261
 Target 1976 472

Tate, Mayor James 392, 393-400
tax abatement 72, 103, 107, 158, 203,
237, 244-5, 258, 447
tax advantages in co-op ownership 170
tax arrears 187, 374
tax assessments 332
tax base 6, 432
tax "conservation" 447
tax exemptions 102, 203
tax incentives
for ghetto investment 72, 78-81, 84,
409
for housing 72
See also tax exemptions
tax reforms 194
tax revenue and education costs 330
tax revenue, distorted situation 128
taxation
exodus of businesses from cities 235
exodus of middle-income group from
cities 235
Tech-Crete 41
tenant ownership of tenements 92, 186
tenant organization 309, 440
Tenement Landlord, The 372
Texas 222
Thabit, Walter 300-2
tithing in investment 323
Title I Law in Federal legislation for
urban renewal 212, 216, 217
Toal, Seymour 431-2
Tompkins, Rex 302-3
transportation 224, 411
Trenton, New Jersey 385
Truman, President Harry 263
turnkey. See public housing
underassessed commercial property 258
underutilization of land 454
unemployability of Negroes 15
United Housing Foundation 151, 152-
4, 156, 157-60, 168, 174, 184, 186, 313
United States 4, 6-7, 99, 109, 125, 201,
203, 249, 253, 259, 262, 263, 264, 265,
266, 268, 270, 272, 275, 303, 307, 310,
319, 381, 409, 442, 464, 471, 479
U.S. Department of Agriculture 136,
161
U.S. Department of Health, Education,
and Welfare 334, 345, 401
U.S. Department of Housing and Ur-
ban Development 4, 17, 24, 71, 72,
81, 104, 111, 120, 126, 162, 324, 360,
375, 397-8, 401, 434, 436, 442
U.S. Department of Labor 14, 334, 345,
364
U.S. Department of Labor's Bureau of
Apprenticeship and Training 364
U.S. Gypsum 52, 56, 103, 238-40
United States Housing Act of 1937 178
U.S. News and World Report 209

Union of Soviet Socialist Republics,
housing in 210
United Taxpayers 257
universities, role in integrating hous-
ing 322, 324, 326
Urban America 264
urban approach, changes in 369
Urban Coalition 14, 75, 101, 116, 322,
399, 411
Urban Construction Corps 93
urban design, training for 20-1
Urban Employment Opportunities De-
velopment Act 69
urban government
capital needs 114
need for operative money 114
Urban Homestead Act proposal 372
Urban League 384
Urban League, New York City 9
Urban League, Philadelphia 363
urban migration policy, need to de-
velop 5, 7-8
urban neglect, from false values 160-5
urban problems
priorities for treating 164
urban solutions
financing of 267-8
urban renewal
aid by state in New Jersey
aid to New York suburbs 22-3
assessment of, in Philadelphia 409
commercial vs. residential 216, 220-1
criticism of 14, 300
effect on displaced low-income fam-
ilies 355
effect on small businesses 173-5
need for schools 98
paternalism in 88
profit to real estate developers 272
use of funds for industrial redev-
opment 82
usefulness of settlement houses 407
West Side New York 41-4, 103-4, 231
urban renewal land, for low-cost hous-
ing only 215-17
used-house program 459, 476
VA. See Veterans Administration
vacant house program 395
vacant land, 161, 211, 212, 213-14, 223,
314, 374
vacant lots, for parks, housing 226-7,
247, 310, 381
vacant streets 164
Van Arsdale, Harry 208, 217
Verman, Marvin 437, 472-3
vest-pocket housing. See public housing
vest-pocket parks 109, 226, 247, 374-8,
385
Veterans Administration 17, 18, 49,
310, 434

Virginia 321, 323

Wagner, Donald C. 358

Wall Street Journal 267

Walter, Mrs. Cora 85-6, 90

war on poverty. *See* poverty program

Ward, William 85, 86-7

Warlow, Don 194-6

Washington, D.C. 22, 320, 322

Washington, Walter 45, 50

Watts, Los Angeles 20, 24, 116, 127, 133, 137

welfare funding, proposal for Federal 115

welfare system

as perpetuator of poverty 38, 412

eliminate with Freedom Budget 124

See also guaranteed income

Westchester County, New York 17, 22, 33

Weston, Illinois 14

White House Conference, "To Fulfill These Rights" 23

White House Conference on Civil Rights 265

White Power 340

Wilkens, Roy 17, 199-200

Winnetka, Illinois 337

Winge, Ahlyne 479

Wisconsin 103

Wood, Jack E., Jr. 7-19, 22-4, 26-30

Woodbury, Coleman 316, 391, 425, 427-9, 466-7

work simplification 452

workable program 303

Workers Defense League 232, 293

Wretched of the Earth, The 56

Yale University 324

Yeargin, Allene 479

Ylvisaker, Paul 2-8, 9, 20-1, 24-8, 30-1

youth program, in New Jersey Community Development Department 2

zoning

development standards 314

economic segregator 326-9

essential for Federal aid 222-3

expansion of county power 328, 349

fiscal 24-5

industrial, as job blockage 77

large-lot 17, 27-8, 327-8, 350

laws and practices, creator of enclaves for rich 13

new categories needed 297

racially restrictive 16, 26-8, 139, 342.

See also Swarthmore, Pennsylvania
relationship with suburban taxation,
race, poverty 251

See also Deerfield, Illinois, *Senior v. Zoning Commission*

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SCHEDULE OF HEARINGS—1967

May

- 12 Washington, D.C.
- 13 Baltimore
- 25 New Haven
- 26 Boston

June

- 9 Pittsburgh
- 10 Pittsburgh
- 30 Los Angeles

July

- 1 Los Angeles
- 2 Los Angeles
- 3 Los Angeles
- 5 San Francisco
- 6 San Francisco
- 7 San Francisco
- 10 Denver
- 20 Atlanta
- 21 Atlanta

August

- 10 Houston
- 11 Fort Worth-Dallas-Arlington
- 25 Miami
- 26 Miami

September

- 6 New York City
- 7 New York City
- 8 New York City
- 21 Philadelphia
- 22 Philadelphia
- 23 Philadelphia
- 26 Detroit
- 27 Detroit

October

- 11 St. Louis
- 12 East St. Louis
- 27 Washington, D.C.
- 28 Washington, D.C.





